THE PRINCETON UNIVERSITY CONFERENCE

THE INDUSTRIALIZATION OF THE SOUTH

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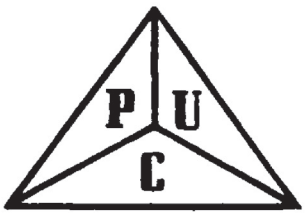

PAPERS DELIVERED AT A MEETING
OF THE PRINCETON UNIVERSITY CONFERENCE
APRIL 13 AND 14, 1960

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The Princeton University Conference

Princeton, New Jersey

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INTRODUCTION

The papers presented at the Princeton University Conference on *The Industrialization of the South* proved to be so informative and led to such spirited discussion that the directors of the session believed that they should be printed. They deserve a wider audience than the group which heard them with pleasure on April 13 and 14, 1960. Though the speakers did not exchange their papers before the meeting, there was little overlapping either in statistical information or point of view. Furthermore, as things turned out, one paper led in an orderly manner to the next one. Some matters of concern which should have been covered in the speeches could not be included, simply because the session lasted for only a day and a half. Among these one might list: the impact on the whole national economy of this extraordinary movement toward industrialization in the South; the extent to which the many new government installations in the South have fostered industrialization; the attitude of organized labor toward the movement. Fortunately, several of the participants were well qualified to speak on these matters and did so in the discussion periods. Our only regret in publishing these papers is our inability to put beside them a transcript of the discussions.

Robert A. Lively
Willard Thorp
Meeting Directors

A NOTE ON THE HISTORY OF THE CONFERENCE TOPIC

Robert A. Lively

Participants in a conference on the Industrialization of the South should recognize from the start that they are celebrating a ritual that is peculiarly characteristic of the Southern part of the United States. The South, for all its addiction to memory, tradition, to a relatively settled way of life, has for a hundred and fifty years been a land perennially self-conscious about the fact that tomorrow will be different. In every decade of the region's history there is available a record of convention–endorsed prophecy about the wealth, the economic diversity and well-being that lie just beyond the horizon.

Southerners have been meeting, resolving, planning and organizing in search of this richer future from the time that they first began to sense their identity as a people apart in the United States. In moments of pride and vainglory, and in seasons of dismay, defeat, and confusion, they have gathered at commercial conventions, agricultural fairs, cotton mill revivals, presidential boards of inquiry, and in planning associations to talk about the shape of the better days that are coming.

Other regions have enjoyed growth and suffered decline, have faced economic problems, commotion, and change; but only the South, it seems to me, has talked quite so much about its condition. Talk, of course, is a Southern staple of no little consequence, but its value is not recorded in the census returns and its measure is hard to take as a component of regional economic history.

Taking measures is not quite my purpose here: what I would offer, by way of introduction to our discussion, is a brief comparison of the actions of some Southern conventions, orators, and politicians with the achievements and the character of some communities and individuals who have hastened the actual process of Southern industrial growth. There is a considerable distance between publicized talk and recorded achievement, I'm afraid, but in Southern histories there is an unfortunate tendency to emphasize the quotable at the expense of the significant.

For instance, one learns from any text about the South that the region was swept by vague notions of economic nationalism in the years before the Civil War. The institution for expression of this spirit was the Southern Commercial Convention, a type of assembly that appeared in various Southern cities from meetings at Augusta and Charleston between 1837 and 1839 to the fire-eating rallies at Knoxville in 1857 and Montgomery in 1858.

James Dunwoody Brownson DeBow, the eminent New Orleans commercial editor, compared the Southern commercial conventions to the Olympic games of ancient Greece: he

regarded them as a means to regional unity as well as a mechanism for the statement of common complaints and the achievement of common goals. The earliest conventions tended to concern themselves with the establishment of direct trade with Europe as the beginning step in creating an autonomous Southern economy. Then, in the 1840s at Memphis and New Orleans, there was a determined effort to inspire by oratory the strengthening of rail and water connections between the Southern ports and the Old Northwest. The threats of the Erie Canal and the advancing railways of New York, Philadelphia, and Baltimore were deeply felt.

Once concerned with affairs within the region, however, Southerners found that they were somewhat less than unified. Robert Y. Hayne fought to link Cincinnati and Charleston while John C. Calhoun maneuvered to unite the Lower South by rail. New Orleans grew restive with Charleston's assertiveness. Memphis wondered at the utility of promoting rail connections between Atlanta and Chattanooga. And congressmen working for increased appropriations for the Gosport Navy Yard at Norfolk did what they could to prevent diversion of federal funds to a depot at Pensacola. These difficulties within the South encouraged diversion of convention energies to subjects on which the several states and cities could agree, or at least to subjects that were of no particular consequence. At Charleston in 1854, for instance, amiable discussion continued for hours after Lieutenant Matthew Fontaine Maury's report on the South's great future and the economic development of the Amazon Valley of Brazil.

One sympathizes with the critique of the convention in the *New York Tribune*–"it is much like the gibberings of a madhouse"–and one is willing to honor the *Tribune's* conclusion: "If the cotton states are someday to become as prosperous as the North–and it is hoped that they will–they should look, not to commercial conventions, but to honest work, enterprise, economy, and common schools." No one in the South read the *Tribune*, of course, so the conventions went their way, bigger and noisier by the year, never self-conscious about the fact that their deliberations added not one iota of growth to the society they represented. In 1858, the Atlantic Steam Ferry Company did get its charter from the state of Virginia, but its single ship ceased operation when the government at Washington abandoned mail subsidies in 1859.

The conventions continued to assemble, permitting Southerners to exchange and confirm the prejudices they shared. The historian of the movement, paraphrasing *DeBow's Review*, looked into this distorted mirror in which they viewed themselves and found that: "Enlightened conservatives, able and patriotic men, were the members of these assemblies. The world was deluded. The majority of the North was radical and revolutionary. The Pope of Rome was a wild reformer. Louis Napoleon and Queen Victoria were semi-socialists and Henry, the French Bourbon heir, was an outright red. The South was the only conservative

section of Christendom. The only country content with its institutions, content with its society, at peace with itself."

At the same time that the region as a whole was talking itself to oblivion, there developed what a North Carolina economist has described as one of the "great associative efforts on American soil." Cities, counties, and states were bonding themselves to support a variety of efforts that were described in the vernacular of the day as "internal improvements." Various works of public utility were foremost in the minds of community leaders in both public office and private enterprise. These ante-bellum experiments in community planning and development, not much noticed until restudy by historians of the past decade, are being reexamined today as model object-lessons for the underdeveloped economies of the contemporary world.

It is with something of a wrench that we leave aside our notions of the "American way" of doing things to observe the actual performance of the Southern cities and states of the 1830's, 40's and 50's. In that day the elected public official replaced the individual enterpriser as the key figure in the release of capitalist energy; the public treasury, rather than private saving, was the major source of venture capital; and community purpose outweighed personal ambition in the selection of large goals for local economies. "Mixed" enterprise, usually a mixture of private enterprise with public money, was the customary organization for important innovations, and government everywhere undertook the role put on it by the people, that of planner, promoter, investor and regulator.

The idea of state rights or local autonomy had quite a different meaning then from what such ideas suggest now. Today emphasis on state rights is likely to be emphasis on a means of avoiding action; state power is interposed to prevent successful federal execution of this policy or that. In ante-bellum time, when the states were jealously restricting the power of the central government, they were also turning to positive exercise of the functions they were withholding from Washington.

This state activity has been described in various ways–sometimes as haphazard, primitive confusion in the proper uses of government, sometimes as early and unsuccessful adventures in socialism, or, for that matter, simply as grand designs for looting the public purse. The most recent and persuasive authority on the movement, however, regards these experiments as a remarkably successful effort to "provide favorable conditions for private enterprise." Carter Goodrich concludes that "in the attempt to provide these conditions, the powers of government were used so freely and so continuously–often in fields later relinquished to private enterprise–that the process should be of real interest to students of modern planning."

Generally the Southern states seem to have gotten more for their money in these efforts than did the middle and New England states. They restricted their goals rather carefully and concerned themselves with the exercise of power that could be entrusted properly to the

talents of a very small and not very experienced bureaucracy. The notable achievements of the cities and counties and states of the South lay in the field of railroad promotion, a field in which public authorities supplied at least 55 per cent of the cash that went into construction of the Southern railway network.

Generally, the Southern states completed these extensive investments without the sense of disillusionment that attended similar efforts to the North. The Virginia Board of Internal Improvements, in particular, by careful control of accounting procedures and financial detail, and by emphasis on observance by the roads of engineering standards laid down by the state, built better and built more cheaply than did the states to the North. The object of the Virginia program had been to "elicit individual wealth for public improvement"–an object in which the state enjoyed substantial success. As an investor, frequently as major stockholder in various railroad efforts, the state lost money, but then making money had never been its goal in the first place. A committee of the Virginia Senate calculated profit and loss on the whole operation in 1876 and concluded that the state investments have been justified by the increased wealth of the whole area served by the state-sponsored roads.

The Virginia experience–that of state subsidy to enterprise without substantial cash return–was typical of the Southern railroad investments. One should not leave the movement, however, without notice of the astonishing success enjoyed by the state of Georgia with the state-built, owned, and operated Western and Atlantic Railroad–the first eastern railroad to breach the Appalachian Chain. Just as New York had penetrated the mountains on the Northern border with her Erie Canal, so Georgia won domination of western imports into the eastern cotton belt. The result was that Georgia's planners and builders shared with the builders of the Erie the greatest reputations in the improvements field. Ulrich B. Phillips evaluated the operation of the road as a "master-stroke in railway policy." Georgia also got from her investment a return that was almost unique in this era of public investment. Mounting revenues during the 1850s finally reached a peak of $450,000 in 1860–a return of 10 per cent on the $4,500,000 total investment in the road.

The contrast between the Southern Commercial Convention, on the one hand, and the South-wide lunge into railroad building, on the other, is considerable. The conventions represented the South talking, reaching for all the elements of growth at once, a self-conscious South demanding economic equality as a matter of abstract right. The railroad builders were matter-of-fact students of the topography between Charleston and Hamburg, or of the mountain barriers between Baltimore and Wheeling. The three mayors of Baltimore who supplemented their public duties by serving as presidents of railroads that the city was subsidizing did not find time to attend conventions on Southern commercial rights. History, unhappily, has passed them by: in the story of the South of the 1850s we find a full record of convention defiance of the North, of the hardening Southern nationalism evidenced at the

commercial assemblies, but there is hardly a footnote to reveal the process by which Baltimore got rich.

This preference in Southern memory for the word as opposed to the deed, regular notice of the formal pronouncement at the expense of attention to the statistical detail, seems to me to be a continuing phenomenon. Historians of the so-called "New South," the South that quickened in the industrial revival of the 1880's, have described the cotton mill campaign of that decade as a "form of civic piety." They emphasize the "moral incentives" to economic growth, and one of them quoted a contemporary observer who asserted that "Even machinery was wrapped with idealism and devotion." The concept of investors who acted out of concern for "the whole people" has been rather savagely questioned by C. Vann Woodward, the eminent historian of the New South period. Woodward gives adequate notice to the revival atmosphere that swept the villages of the Piedmont during the course of the cotton crusade, but is a good deal more impressed with the fact that returns from mill investments ranged between 20 and 75 per cent.

The point I would make here is that even the critic devotes as much space to the editors and the cotton expositions of the New South crusade as he does to the entrepreneurs who moved in to exploit the minerals, forests, and fibers of the region. By his account, as well as by the paragraph or so one finds in the general text, the memorable names from the New South Crusade are those of the editors and publicists–Francis W. Dawson, of the Charleston *News and Courier*, Henry Watterson, of the Louisville *Courier-Journal*, Daniel Augustus Tomkins, the industrialist and publicist of Charlotte, and–master of them all–Henry Woodfin Grady, of the Atlanta *Constitution*.

As part of my homework for these remarks I reread some of the rather astonishingly brief Grady records last week. After study of his speeches it is easy to sympathize with Josephus Daniels' memory of Grady: "What a radiant and charming and accomplished man he was." Yet, while sympathizing, I would note that Grady was a true Southern luminary for only four years, from his New England Society address in 1886 to his untimely death in 1889. His repetitive message, to use his words, was that "The new South is simply the old South under new conditions." For every paragraph that he gave to economic change there were two more lavished on elegant nostalgia for the men in grey, or on the ante-bellum heritage. One suspects that his audiences applauded the memories rather than the prospects–at least I find it hard to imagine an enthusiastic response, in the matter of prospects, to his dictum that "an iron furnace is like godliness."

Grady earned for himself a place in every meeting such as this with his celebrated story about the one-gallused farmer of Pickens County, Georgia, who went in a Northern suit and coffin to a grave marked by Vermont marble. I won't bore you with quoting it again here. I would, however, cite his report to the *New York Ledger*, written shortly before his death, in

which he described the diversification of economic life in Pickens County: "There are now," he said, "more than $3,000,000 invested in marble quarries and machinery around that grave. Its pitiful loneliness is broken with the rumble of ponderous machines, and a strange tumult pervades the wilderness. Twenty miles away, the largest marble-cutting works in the world put to shame in a thousand shapes... [the] modest headstone of that earlier grave. Forty miles away four coffin factories, with their exquisite work, tempt the world to die. The iron hills are gashed and swarm with workmen. Forty cotton mills in a near radius weave infinite cloth that neighboring shops make into countless shirts. There are shoe factories, nail factories, shovel and pick factories, and carriage factories, to supply the other wants. And that county can now get up as nice a funeral, native and homemade, as you would wish to have."

This seems to me to be a limited vision–the exquisite coffin that tempts the world to die, and the funeral as nice as you would wish to have. It was Grady's notion of progress, though, and it recorded his concept of an advancing South. Historians have accepted the man as the prophet of Southern industrial growth; there are at least four full-fledged biographies available, the best of which is entitled, *Henry W. Grady, Spokesman of the New South*.

This spokesman, by my thesis here, was, for all his influence, but a pale shadow of the industrial builders of the 1880's. We remember him, in part, because we have no biographies of Milton Hannibal Smith, John C. and Patrick Calhoun, John H. Inman, or Henry Fairchild DeBardeleben. M.H. Smith was for half a century the master of the Louisville and Nashville Railroad–and the L&N was more than a transportation net; it was the author of Birmingham and the owner of the principal resources of the inner South. M.H. Smith always did things in a big way. It was by his direction, for instance, that 8,000 men came out at dawn on Sunday, May 30, 1886, to change in one day the 2,000 miles of L&N track to "standard," or Northern, gauge. The Calhoun brothers were distinguished not so much by their illustrious Grandfather as by their brilliant looting of the Richmond Terminal Company, forerunner to the Southern Railway System. John H. Inman, eventually to be distinguished as founder of the Tennessee Coal, Iron, and Railroad Company, first earned his reputation as "a Southern carpetbagger in Wall Street."

I've kept DeBardeleben, Alabama's coal and iron king, until last. He was an outdoor man: in his words, "The Indian's life... is the only life worth living." Or, "I'd rather be out in the woods on the back of a fox-trotting mule, with a good seam of coal at my feet, than be President of the United States." The day he put his Oxmoor furnaces into operation, "the dogs started up a deer, and ran him full speed clean over the red hot pig bed. The woods all around were chuck full of game. The wild turkeys flew every which way." DeBardeleben, reaching out for a name appropriate for a town that he had founded, selected "Bessemer." In his words, "There's nothing like taking a wild piece of land, all rock and woods, ground not fit to feed a goat on, and turning it into a settlement of men and women, making payrolls,

bringing the railroads in, and starting things going. There's nothing like boring a hillside through and turning over a mountain. That's what money does, and that's what money's for. I like to use money as I use a horse–to ride!"

As he moved from the Pratt Coal and Coke Company to the creation of the DeBardeleben Coal and Iron Company he observed that "Life is just one big game of poker." When he consolidated his holdings, at a capitalization of ten million dollars, "every sheaf in the field rose up and bowed to my sheaf... I was the eagle, and I wanted to eat up all the crawfish I could–swallow up all the little fellows, and I did it." Llewellyn Johns, a Welsh mining engineer who worked with him said, "He has a way about him that takes! He's a regular play-actor when you get him started, and I can't tell why I like him, but I do!"

The Birmingham industrialist seldom dropped his "play-acting" role; one of his children, for instance, was christened "Prince" De Bardeleben, and the parent elbowed his way toward the twentieth century not so much a Southerner as an authentic industrial type who gave voice, as well as any American did, to the age of enterprise. DeBardeleben is forgotten now; the magic eloquence of a Henry Grady is treasured in the Southern record, but the ruder names of the brawling builders of the New South are beginning to slip from memory.

These contrasting voices from the nineteenth century bring me to questions about more recent Southern development efforts. For about a generation now, throughout the period since the mid-nineteen thirties, the South has been suffering, or enjoying–I don't know quite which is the right word–another season of extreme self-consciousness about the desirability of greater diversification and more rapid growth. All the old techniques are again in evidence: state sponsorship, community organization, regional crusade, individual and corporate achievement. The end result is impressive. Some one or some combination of these efforts have aided the South in its increase in per capita income from 58 per cent of the national average, in 1940, to 67 per cent of the national norms in 1947. During one decade since World War II, total income in the South has been doubled, but doubling led to a gain of only three per cent in relative position. The national income, it seems, has been growing only slightly less fast than Southern income. The region has been learning the meaning of the Red Queen's explanation to Alice: "You see it takes all the running you can do to keep in the same place. If you want to get someplace else, you must run twice as fast."

Various fundamental changes have obviously occurred in the South of recent years. The most exciting statistics I have encountered are reported in a recent study of *Why Industry Moves South*. The authors found that 45 per cent of the new plants they surveyed were located in the region because of the increasing wealth of the market there, whereas only 30 per cent of the growth was related to Southern resources, and only 25 per cent based on the availability of Southern labor. These figures suggest a major shift from the old tradition of a Southern industry geared to the job of feeding roughage to the market-oriented factories of the North.

Apparently recent industrial movements southward have been based on Southern wealth rather than Southern poverty.

This record of growth seems to have been achieved despite, rather than because of, a good number of the campaigns for more rapid industrialization of the South. Some episodes in this contemporary crusade are embarrassing to remember now, for instance the breast-beating with which Southerners and the administration at Washington identified the region in 1938 as the "Nation's Number One Economic Problem." War-born prosperity permitted rather early translation of that slogan into "the nation's number one economic opportunity." As a matter of fact the annual rewriting of the phrase has brought us lately to an advertisement of the Southern Company which asserts that "The last half of the twentieth century belongs to the South." I wonder about the utility of either the negative or the positive version of these slogans for the whole region as a unit apart; whether the tone is one of despair or one of optimism there is still an echo, in either mood, of those Southern Commercial Conventions of the ante-bellum period, so full of eloquence, but so devoid of practical effect.

Even more particular crusades, where they involve treating the region as a unit, have led to curiously empty victories. A little over a decade ago I published a short book about the Southern campaign against freight rate discrimination. I was satisfied then that Southern political leaders had won real gains for the region in pressuring the Interstate Commerce Commission toward class rate equality, and I was critical of the fact that Southern industrialists had been lukewarm, if they had not been opposed, to the Southern governors' efforts. My conclusions, if I were writing them today, would be a good deal less confident. It seems obvious now, with the benefit of fifteen years of hindsight, that the plants and factories of the North were not toeing the Mason and Dixon Line in 1945, waiting for an Interstate Commerce Commission signal to go racing southward. Growth has come, and come very fast, but it appears to have been based on more substantial factors than freight charges.

There is such variety and so much innovation in recent promotional efforts by the companies and cities and states of the South that an historian should probably stop here in any effort to categorize these endeavors as either satisfying, but insubstantial rituals on the one hand, or positive achievements on the other. I hope that one of our speakers or some of the guests will analyze, for instance, the return from the millions of dollars that Southern states have paid for advertisements about the Southern future in national newspapers and magazines. Just what do these accomplish? Are businessmen impulse-buyers, like housewives changing detergents, when they seek new plant locations? Similar questions might be raised about public donations of cash, land, or buildings as stimuli to industrial relocation, about tax exemptions, about the achievements of private and public development offices.

Recent articles in the journals devoted to the South suggest that the region is well beyond Professor W. W. Rostow's "take-off" stage, and that there is no question but that growth there

is now self-sustaining. Industry is moving South to serve a wealthier market area, or is seeking there the minerals, water, or labor that it cannot find anywhere else. A salt dome in Alabama, payrolls in Atlanta, a bottomless labor pool in Mississippi, the spirit of adventure in Texas–these and a hundred other facts or notions determine the new industrial patterns. Promotional efforts pale before such fundamental attractions. I wonder if the role of the countless promotion offices is not at best an effort to steal a plant from Atlanta for Columbus, or to persuade a national corporation of the virtue of the Tennessee Valley as opposed to the research triangle in North Carolina. The energy involved in these efforts is probably well spent, but it should be recognized for what it is, a process of intra-Southern competition rather than a needed spur to Southern growth.

I suppose, to keep these remarks honest, that I should ask the critic who will summarize our deliberations to include candid comment on the utility of a Princeton University Conference on the "Industrialization of the South." For ages past, as I noted at the beginning of my comments, Southerners have been gathering at meetings of this sort, usually with pleasure and sometimes with profit. I know something of the plans for this evening's entertainment, so I think I can promise that our assembly will be a convivial occasion. It will be interesting to see, in the more important matter of achievement, which of the two traditions that I've tried to describe we'll join.

ATTRACTING INDUSTRY SOUTHWARD

W. Cooper Green

I am honored and proud to be here as a visitor, and appreciate the privilege of speaking to you regarding my beloved Southland. Gentlemen, I am not going to philosophize with you, endeavor to be a statistician and bore you with figures, or make comparisons in my talk to you on industrial development of the South. Anyone can philosophize, depending on his theories or beliefs, everyone has access to figures, and can prove or disprove a number of things depending on his point of view; and comparisons can be offensive, depending on which good side of the track you were born. I am simply going to talk about what I know best–industrial development in the South, what has taken place, why, and the reason this Industrial revolution will continue in our area.

Industrial development in my state and the South is big business, and a most competitive one. Throughout our nation it has been estimated we now have 7,000 people full-time in this field of endeavor. There is naturally a nationwide scramble to "grab off" the proposed plants of new and expanding industries producing new and improved products. This is especially true in the South where community is bidding against community, state against state. But never has there been so much teamwork among local business interests, teamwork within the states, so many local improvements, innovations, and minds at work devising new ways to attract this business. Certainly this effort is a major occupation with all chambers of commerce, state governments, railroads, banks, Southern utilities, and other organizations. Our area is showing again the competitive spirit which is the hallmark of America's progress.

Much has been written about the various methods and procedures used by industrial development organizations to attract industry to the South. There are no secrets unless they be research, hard work, teamwork, persistence and patience. None of us are responsible for the raw materials and other resources with which God endowed the South. A lot of our industry is just coming home where it always belonged. It is natural that textiles should be close to their source of supply–cotton, and the chemical industry that supplies basic materials for synthetics. Likewise, the wood pulp and paper industry belongs to the South, the area with the fastest growing timberlands in America. The chemical industry is just taking advantage of the natural mineral resources that have been there all along. When a region has 56 per cent of all minerals produced in the United States, 33 per cent of the forests, 70 per cent of the nation's petroleum, 80 per cent of the natural gas, 22 per cent of all coal, 75 per cent of the graphite, 40 per cent of the phosphate, 100 per cent of the bauxite, and 61 per cent of the nation's navigable waterways, it is only logical for industry to move in that direction.

This movement to the South is one that was inevitable because of the richness of the region and its undeveloped potential. What organizations such as ours have done is to help uncover this potential and present our resources in a factual way to industry that could turn them into profits for itself, and at the same time give jobs to our people who would in turn enjoy a better way of life. And because of this new payroll money and the population explosion, a great market has developed that calls for new industries to supply it. The South has at last entered a regenerative phase of the industrial cycle–the phase that feeds on itself and grows out of its own demands and supplies.

The Southern industrial revolution is a continuing dynamic upsurge because its leadership is convinced that apparently there are no visible limits to the variety or volume of human consumption, and that the capacity of man to enjoy the fruits of his labors recognizes no boundaries. New processes, new techniques, new designs for plants, the ingenious use of raw materials and supplies of power and water–these are the demands of modern industry, and they are being met promptly and adequately in the South.

Over 2 million jobs in the South have been created in the years since World War II. This growth, this productive activity in the Southeastern section of America, is an irresistible, undeniable fact; it is like an ever-rising tide which no one, even if he wanted to, can stem or turn back. The deep South is truly living through an upheaval more profound in many ways than the Secession, but one that is basic and enduring, rather than emotional.

You might ask, who are some of the manufacturers who have benefited recently from the utilization of raw materials that have been waiting for centuries to be put to work?

For example, five new chemical plants along the Mobile River in Alabama owe their existence to a University of Alabama professor, Dr. Stewart J. Lloyd, who several years ago discovered a large salt dome a few miles North of Mobile while conducting a natural resources survey. Olin Mathieson built a huge chlorine and caustic soda plant to supply the fast-growing paper mill industry and other manufacturers of the Southern area, using the salt as raw material. Then Geigy Chemical and Calabama Chemical Company, because of an assured chlorine supply, built insecticide plants to supply agricultural areas in the Southeast. Courtauld's Ltd. of England constructed a multi-million dollar viscose rayon plant in the area because Mathieson could supply the caustic soda necessary for production of rayon. Then Courtauld's also needed carbon bisulfide, and Stauffer Chemical erected a new plant nearby to supply it–all this because of a raw material that, up to 1950, we didn't even know we had.

Alabama Metallurgical Corporation–a joint venture between Calumet & Hecla Company of Chicago and the Brooks & Perkins firm of Detroit–recently went into production of primary magnesium, and became the second producer in this country because of a dolomitic ore in Alabama that had the right chemical analysis. Formerly this ore had been used as a fertilizer, aggregate for roads, and for lining furnaces in the Birmingham steel

industry. Incidentally, this plant came into being because of a chance meeting of two men vacationing in Key West, Florida–Mr. T. W. Martin, chairman of our board, and Mr. E. Howard Perkins, chairman and president of Brooks & Perkins. Mr. Perkins told Mr. Martin of his dream to build a magnesium plant based on dolomite as the raw material, and Mr. Martin asked him to let our department conduct a study to see if Alabama could meet his requirements. Ms. Perkins agreed and wrote us a three-page memorandum listing his specifications, asking if we could meet his rather difficult and critical needs. I am happy to report that after two and a half years of extensive geological and feasibility studies covering every aspect of the proposed operation, the plant was located at Selma, Alabama. From this story you can understand we get our prospects in many different ways and sources.

In the papermaking industry, Coosa River Newsprint, Container Corporation of America, Marathon Paper (now owned by American Con Corporation), International Paper Company, Scott Paper Company, and Gulf States Paper Corporation, have taken advantage of our extensive timber and water resources in our state. These plants and others make up a total of 80 pulp and paper mills in the South today and they supply 40 per cent of all paper sold in this country. Our area is the largest producer of chemical wood pulp in the world.

Another example is a fine company, F. C. Huyck & Sons, who built a multi-million dollar "felt" plant to supply this growing paper making industry. They are using our navigable rivers to bring in wool from Australia.

Alabama alone has 1600 miles of navigable waterways, and over 531 square miles of inland water area. The South, with the largest water resources in the nation, is using only 4 per cent of its available water supplies while the rest of the country is using 18 per cent.

Then there are names like Reichhold, Goodrich, Goodyear, Borden, Minnesota Mining & Manufacturing, National Gypsum, Westinghouse, General Electric, Chemstrand, and many others who are taking advantage of materials, manpower and market in the South.

All the foregoing have located in our state. Other Southern states have shown a similar growth, so you can well imagine the great industrialization that has taken place. Since the end of World War II, the General Electric and Westinghouse companies have established at least 20 new plants in the South, employing from 20,000 to 30,000 workers turning out products ranging from electronic tubes, fluorescent lamps, and electric blankets to large transformers and major appliances. The DuPont Company has invested several hundred million dollars in more than half a dozen new Southern chemical plants; Ford Motor Company has four auto assembly plants in the South; since 1946 Western Electric built three plants in North Carolina that employ about 10,000 people; the aluminum industry is largely concentrated in the South where it has nine primary producing plants.

The work of our department and others in the South is based on presenting to manufacturers the factors that we call "the 3 M's": MATERIALS, MANPOWER and

MARKETS. I have spoken at length on our raw materials. As regards manpower for construction, operation and maintenance, adequate and productive labor is essential. Actually our labor pool has only been tapped in the last fifteen years. An evidence of our labor supply is that we are not only providing labor for our own industrial expansion, but we are contributing substantially to the labor supply of other regions.

The Southern industrial plant has an advantage of being located at the source of an assured labor supply. Not only is there no recruitment expense to speak of, but there is a wider opportunity for selecting better quality workers. In times of labor shortages it is easier to retain an experienced labor force. Even when a plant is shut down, key workers do not readily drift away, and many of them have small farms which provide income to tide them over.

Our labor is not cheap, unless you call it cheap production-wise, and this is true because it is healthy and independent in spirit. Since World War II, good and plentiful labor has been a lodestone that has attracted industry, and there are no signs that show any lack of magnetism in our day. For example, one Alabama plant which had only 700 jobs reported an active file of 9,000 applicants, and one with 2,000 unskilled positions has over 15,000 active applications.

Although a lot of firms were initially uncertain and skeptical about Southern labor, their almost unanimous conclusion (from their own experience) has been an enthusiastic endorsement of the quality, quantity and performance of Southern labor. They have found a better selection of workers who are easy to train, have high productivity because of their cooperative attitudes, low rates of turnover and absenteeism, and in most instances good labor relations. Let me quote a former manager of General Electric's electronic plant in Anniston, Alabama: "We are proud of the intelligent and interested men and women who have joined our organization. We are deeply satisfied that it has been possible to offer supervisory opportunity to so many young people in the area...an opportunity to develop real careers in the rapidly expanding field of electronics."

How has our market developed, and what have been the results of this market? Primarily the original influx of industry was based on raw materials. The payroll generated by these plants gradually raised our standard of living. There was more money to spend and our people wanted more of the necessities along with some of the luxuries of life. As a result there was a demand for more goods, more services, and so industry came to furnish this demand. This new money generated by additional employment is why a large number of the new factories in the South have been built to fulfill the needs of our people.

The gap is fast closing between the South and the nation in per capita income because of this rapid and amazing growth. In the 1939-1958 period the Southeast had an increase of 361 per cent, as compared to the national average of 270 per cent. My state had a 444 per cent growth in income during those same years.

I am sure you will agree that there is hardly a more accurate barometer of commerce and industry and the standard of living than electric power consumption. In the 1947-1958 period the Southeast showed an increase of 194 per cent, as compared to 115 per cent for the country as a whole. The growth of our own company has paralleled the rapid economic and industrial development of its service area. To assure an adequate and economic power supply for the future growth that we believe is certain, our company is engaged in the largest expansion program of its history and this faith is shared in like manner by other Southern utilities. The company that I work for is in the initial stage of a 10-year program that will double its facilities. In 10 years we expect as much growth as was experienced in the 40 preceding years.

One other thing I would like to mention in passing. Some would classify the friendliness and cooperative spirit on the part of existing industries, community leaders and citizens as an intangible factor, but let me assure you that it is most tangible and has played a great role in our industrial efforts. One of the basic desires of men and industry is to be wanted, and manufacturers have found that they are sincerely appreciated in the South.

Several years ago a prominent New York executive seeking a Southern location for his company had this to say: "A warm feeling of welcome from citizens and from state and local officials was given us wherever we went, and we have learned that this welcome does not wear off."

I can assure all of you that our governmental climate, at all levels, is a healthy one, and the highest type of cooperation exists between government and business. A favorable tax structure has been created, and maintained, that makes the South an ideal location.

What will be the South's industrial future is like trying to answer "what is electricity?" We know what it has done and can do, but what it will do, given the opportunity, is anybody's guess. The South is still a land of unrealized and unlimited opportunities, waiting for the initiative and courage of man to develop it. But we do know its development is assured because it is based upon the region's raw material, abundance of good and productive labor, excellent transportation facilities, a promising market for goods and services of all types, based on a higher purchasing ability, and the wonderful enthusiasm of its people.

Our success is not measured by any idle boasting, nor any Utopian dream, but by facts, tangible facts such as industries now prospering in our area. Industrially and economically, there is no longer any basic difference between the South and the rest of the nation, unless it is that the South is rapidly "catching up." There is no iron curtain between the North and South to block off the sound of the industrial growth that is going on below the Mason-Dixon line. The sound is one that has grown steadily for the last fifteen years with no indication of hands growing tired that beat the drums. For all those who have eyes to see and ears to hear, there is no doubt that the South has literally lifted herself by her own bootstraps.

For a land that was destitute after the War Between the States, without money, without industrial "know-how," without time to do anything except worry about the necessities, without any lend-lease or Marshall Plan to put it back on its feet, the South has shown a phenomenal growth. As one man from Georgia recently put it, "A lot of things have been happening down here since General Sherman's soldiers got careless with matches back in 1864."

Thousands of words have been written and spoken about attracting industry southward. There is a certain amount of frustration in describing fully the methods, procedures and results because of the time allotted and the many facets involved. I do hope that my words have given you some indication of what we have done, are trying to do, and why we believe the South is the new industrial frontier offering unrealized profits to those who will come and grow with us.

In conclusion, I would like to leave you with a saying often used in my part of the country. It is this: "The last half of the 20th Century belongs to the South."

WHY DOES INDUSTRY MOVE SOUTH

A. P. Beutel

"Industrialization of the South" is the subject of the conference here today. My part–"Why Does Industry Move South?" Whatever I may contribute to the discussions today must of necessity be slanted by the personal experiences gained through the development of the chemical industry of which I am a part.

Having been a part of the chemical industry for the past 44 years, I will quite obviously draw mostly from experiences in that industry for the development of my assignment here this afternoon. What I may say about other industries is distinctly from sources which I have read and from personal observation, and as a consequence may be subject to challenge.

Thirty-five years ago, petroleum was a minor source of chemical raw materials. At the turn of the century, specifically on January 10, 1901, the Lucas gusher at Spindletop blew in from a depth of 1160 feet. It is said this is "where oil became an industry."

Spindletop was drilled into a salt dome. This salt dome, and others eagerly sought after, held the key to great raw material sources for the chemical industry–namely, hydrocarbons, salt and sulfur. Recognition and development of this source of wealth for the chemical industry were to come slowly over the next 30 years. But these raw material sources were destined to change a way of life. The end products of these raw materials would make life more livable in all parts of our nation and in the world.

Before Spindletop, petroleum was a lamp and lubrication business. Spindletop was the beginning of liquid fuel. It created the power of mass communications. Spindletop put America on wheels and in the air, and the rest of the world followed.

Here was provided the inexpensive fuel which made possible the economical operation of Herman Frasch's hot-water system of sulfur produced in Texas. At that time coal was four dollars a ton and Spindletop oil three cents per barrel; with four barrels of oil equivalent to one ton of coal, we had a fuel equivalent of twelve cents per ton of coal. This was temporary, but it made the initial venture possible.

The development of the oil industry in the South along the Gulf Coast, in East Texas, in the Panhandle of Texas, in Oklahoma and later in Louisiana progressed slowly. Uses for oil and gas were not developing with their production.

Oil was a glut on the market, caused in part by the discovery in 1929 and 1930 of the great East Texas oil field. Pro-ration was the result of the waste in East Texas, and to end this waste the Texas Railroad Commission ruled that casinghead gas could not be flared. This made conservation a must, and saner development and production of oil and gas followed.

Until after World War II if a well came in as a gas well, it was promptly plugged and abandoned. Now years later these locations are being eagerly sought out and these areas are again being drilled. Today gas is not on pro-ration and gas production is limited only by the size of pipelines going east, west and North and by its uses at home in the South.

Our company was caught up in this turn of events in the period between 1930 and 1940. We were then developing a subsidiary, an oil-field service company that had developed and put into operation a process for increasing the production of oil and gas wells by chemical means. We had occasion in that course of events to travel through East Texas, West Texas, the Texas Panhandle, Oklahoma and Louisiana.

In the Panhandle of Texas we saw gas used to evaporate salt water by impinging open gas flames on the surface of brine ponds–a most inefficient method–merely to claim beneficial use of the waste gas and thereby produce oil, for which there was a market. We saw gas flared in the oil fields in Texas so that it was possible to read a newspaper in your car while driving along the highways at night.

We were in East Texas–at Kilgore, at Henderson, at Longview, and in the oil fields being drilled there in those hectic days. It was a fine example of the gold-rush towns one could see in the movies. It was a sad sight to observe the terrible waste of one of our natural resources.

Oil was being produced at such a tremendous rate that the casinghead gas vents made a deafening roar over which a shouting conversation could not be heard. This went on for days. Lost forever for the benefit of mankind and industry was one of our most valuable and irreplaceable resources. Here then were the elements of Empire. They were beckoning and challenging someone to step in and take advantage of God's gifts that were being so flagrantly wasted.

The "Long Roll on the Rhine" started on January 30, 1933, when Hitler was made Chancellor of the Democratic German Republic. This was an ominous date for the world. Could it have been the birth date of the industrialization of the South?

Whether it was openly acknowledged or not, from this date forward our nation and our industries were preparing for the war that was to come, it came officially on December 8, 1941 when Japan declared war against us and when three days later Germany followed her ally.

In the decade between 1930 and 1940 the chemical industry and other industries had shown a steady peacetime growth, but demands for products had not reached the stage where new areas for development were being sought, Suddenly the market, for solvents and other chemical products, burst the seams and older processes had to be supplanted by newer and less costly methods. This led to the development of the petrochemical industry. Industrialization of the South was on the march and the chemical industry led the way.

In the period from 1935 to 1939 our company was making studies of plant sites in the South from the Mexican border to Florida. We had already made a move southward to the

Carolinas with a seawater plant for the extraction of bromine to be used by the Ethyl Corporation in antiknock gasoline. We were in Oklahoma and all the oil and gas-producing states of the South and Southwest. We were in Louisiana with a small iodine plant.

Much unfavorable comment was printed in the newspapers and magazines about the Georgia tenant farmers, textile workers of the Carolinas and the Okies of the Dust Bowl. But our impressions of the South were entirely different. We found people everywhere of high caliber and enterprise. The only thing slow about them was their manner of speech.

We found many advantages in the South. The climate for one thing, and that needs no comment here. The recreational opportunities, the manner of living–all of these were eye-openers to us from the North. The South had good highways so that the workers thought little of driving 50 to 60 miles to work at legal speeds of 50 to 60 miles per hour over open highways. Plentiful supplies of water and a choice acreage of land in wide-open spaces existed in many places.

In addition to all of these advantages there were raw materials in abundance. For example–raw material requirements for our company were: natural gas, ethane and propane, salt, oyster shells, sulfur, fresh water and sea water. Many plants in the North and East were operating at full capacity and new areas for expansion were being sought. In the South people were waiting for opportunity to knock at their door. The raw materials for many industries were available but unexploited.

Transportation from the South to Northern and Eastern markets was a problem, but this would be solved. With the advent of World War II it was essential to scatter plant locations. The government was quick to size up the South and it looked with favor on Southern locations for plants that were to be built for the war demand. So, the timing was perfect. Das war die Zeit.

Volume production requirements demanded a move and that move was South for raw materials and space and people. So in 1939, after years of search, our company located in Freeport, Texas. Others had preceded us, but we were in the forefront with those pioneering industries that saw the great potential that existed below the Mason-Dixon Line.

We had once more to go to the ocean for more bromine for antiknock fluids for gasoline. The fuel required, the warmer water of the Gulf, and other raw materials looked better in Texas than in North Carolina. The demand for magnesium metal had increased and it was necessary to tap the unlimited supply that existed in the Gulf, and to dredge the oyster shells from the coastal bays.

Synthetic rubber was in demand to replace the unattainable natural rubber of the East Indies. Queen Wilhelmina visited Franklin D. Roosevelt to persuade him that science should be halted in order to save her colonies. But the source of rubber had moved to the factories of the South–and the East Indies were the losers.

Synthetic fibers in competition with cotton, wool and lined were being developed. Ne and better-quality materials were being announced each day, such as nylon, Dacron, Orlon, etc., and these were being developed in the South from the monomer, to the polymer, to the fiber, staple and yarns, and then spun and woven in a Southern mill. This was a boost for the South but a blow to the North.

The textile industry involving cotton and wool had been moving southward for a decade, but with the synthetic fiber developments in the South, textiles were to see their permanent home move from the North to the South. This was not without hardship for the mills of the North which would gradually be replaced by other industries such as instruments and electronics.

The mixture of the newer synthetics with natural fibers gave the South a new look–in cool, wrinkle proof, washable, wearable clothing they had never had before–and made life more comfortable and livable in the same months. These advances in clothing were not without their effect in the North too.

Aluminum demand had increased to the point where aluminum manufacturers were moving nearer to the water of the Gulf, the raw materials of the South, and bauxite from the Southern Hemisphere.

Pesticides and crop savers were developed to fight the pests that are problems in a warm climate. The farmer and rancher had to use these; he could ill afford crop and cattle losses at the prevailing higher prices.

Food processing moved to the Gulf and to the farms and ranches of the South. The fish and shrimp industry in the Gulf Coast really boomed with the advent of quick-freeze methods, the development of the supermarkets and the home freezer, better distribution methods and population growth. Frozen juices boomed citrus growing in Texas, Louisiana and Florida, and made it more profitable.

The paper industry was shown the way by Dr. Charles Herty when he developed his process of making paper from the slash pine of the South. The steel industry in Daingerfield and Houston, Texas, and of long standing in the Birmingham, Alabama area saw a significant development in those years.

Phosphate rock from Florida, plus sulfuric acid plants built to make superphosphates and other fertilizers, gave agriculture a much-needed impetus. The fertilizer industry diversified into other chemical lines.

During the war the shipbuilding industry made great strides and shipyards were scattered along the Gulf Coast. Tonnage shipments from our Gulf Coast ports are impressively close to those of New York and San Francisco.

Machinery manufacturing, as sparked by the manufacture of tools for the oil industry, has spread its efforts into broader lines. The growth of manufacturing industries can be

credited with its effect on the service functions such as construction, transportation, insurance, trade, finance, medicine, utilities, supermarkets, etc.

For these services about three people are demanded for each person employed in industry. This has helped the Southern population grow. Let's look at the population increases in the South.

From 1930 to 1957 the South's population grew with the nation, but gained in manufacturing population. Manufacturing output value in these years increased 600 per cent as compared to 470 per cent for the United States as a whole. Retail trade increased 500 per cent in the South compared to 380 per cent for the nation. But where did the people to perform these jobs come from?

Northern industrialists have sometimes expressed amazement as to where we in the South secure our labor force. Because of increased skill and knowledge, by mechanization and by using agricultural chemicals and fertilizers, farm production per man-hour has quadrupled since 1910 and doubled over 1945. Farm and ranch labor has thus been released for other jobs.

The average manufacturing employee receives double the average wage of the agricultural worker. The productivity of the chemical worker as measured in dollars is estimated to be 5 ½ times that of the agricultural worker. It is quite apparent that for these reasons agricultural workers are easily attracted to manufacturing jobs.

In general the increase in population came from border states, from the Midwest and from the North. Of the millions of people who were trained for military service in the South, many returned. Another source of people was the construction worker who came South to build the Southern plants. They came, liked it in the South, and stayed on as maintenance craftsmen in the plants they built.

As to science and liberal arts graduates, the number and quality provided by Southern schools have been impressive and a great satisfaction to all of us in industry. Recruiting of technical and other college graduates goes on over a broad area of the country so that you will find graduates from all schools of the country in the South. A need does exist for more advanced courses leading to Masters' and Doctors' degrees in our Southern universities.

Our schools in the South are endeavoring to attract distinguished professors to their faculties. The Welch Foundation of Houston and other agencies are helping to bring this about. Yet it is very difficult to compete with the Ivy League and the Midwestern universities for the type of professor who will attract people to our universities to work for higher degrees in all fields. But this problem, too, will be solved eventually.

It has been our experience that industry can start up almost any place where housing, hospitals, schools, churches, recreational facilities, and comfortable living conditions can be provided. To cite a case in point–back from the Gulf some ten to fifteen miles from our plants

our company built a new town called Lake Jackson. This was not conceived to be a company town. We paved streets, put în utilities, and sold the lots at cost to contractors, who in turn built hornes by government financing and then sold them to the public, our employees and business people of the area. Some rental houses were also built.

The people formed a city government and conducted their own affairs. This beautiful, well-ordered and zoned town attracts a considerable number of our employees and is an incentive for people to accept employment with us.

The role of the trailer should, however, not be overlooked in the development of the South. It was designed for Southern nomad living. Even now, when a large construction program is in progress, trailers promptly appear in large numbers.

Since 1945, air conditioning of homes, cars, offices and shops has increased productivity and comfort. It is now as much a part of Southern life as corn bread and black-eyed peas. Air conditioning has been the great equalizer of the summers of the North and itself has spawned a major industry in the South. We are informed that the first air conditioning unit for an automobile was built by a Dallas, Texas firm.

In the beginning, industry moved South because of low labor costs along the Gulf Coast and throughout the South. This turned out to be a delusion. Wages, boosted by the rates paid by the oil industry, became as high as or higher than in most parts of the United States. But low-cost raw materials were available to offset this added cost in wages. The Southern laborer has turned out to be just as productive as his Northern brother.

The open type of construction which the Southern climate fosters is less costly, makes labor's work easier and more pleasant. Besides, the friendliness of the people of the South is no fiction. This warmth has made it possible for the hourly workers to achieve far more status for themselves and their families.

Taking a long, retrospective look at the Southern ventures of industry–at "Why Industry has moved South"–some reasons may be enumerated, such as: Expanding Southern markets. Less competition in the Southern areas, but more in other parts of the United States.

Large resources of low-cost raw materials necessary for building and industry. Adequate labor supply. Good labor relations. Good competitive transportation–motor truck, rail, barges over inland waterways and ocean shipping for freight; rail and air travel for personnel. Air travel now brings the cities of the South closer to metropolitan centers than the distance in time used to be from New York to Boston.

Utilities that are reasonably priced. *Lebensraum*–many excellent low-cost plant sites. Good banker attitudes. Natives whose families have lived in the South for centuries and who generally have a conservative viewpoint in national, state and local affairs.

A rather interesting development–old in principle–is taking place in the industrialization of the South. That is the growth of satellite industries in areas surrounding a large industrial

nucleus. This can be seen developing in many places in the South–such as at Calvert City, Kentucky, in the Houston, Texas area, in the area surrounding Beaumont and Port Arthur, and in the area surrounding our plants in the Freeport-Velasco area. This provides the opportunity for on interchange of products upon which integrated manufacturers can grow.

I can remember when we were beginning our operations in Texas, a prominent Houston banker visited us one day to see how we were getting along. He realized the value of the available resources to our enterprise and its effect upon the growth of the area. He commented, "You are in an advantageous position here as regards the industrial merits of your location, but what will you do when other chemical manufacturers move in next door?" Our reply was, "We will welcome them with open arms. They will no doubt supply us with products we need and they in turn will be our good customers."

Earlier I spoke of the "Long roll on the Rhine"–now let's go back a piece. Remember the two wars–World War II and the Korean War. They both played an important part in the move South. The industrial development of the South was accelerated, as in other sections of our nation, but the South was an attractive new frontier. Government-financed war plants in large numbers were built throughout our nation, and Southern locations were selected for many of them.

During World War II many of the people in Jesse Jones' agencies, such as the Defense Plant Corporation and the Reconstruction Finance Corporation, were drafted from financial and business houses of the East. They were smart and sharp and learned their new jobs fast. Most of them were not as naive as one I dealt with.

When he first came to Freeport the only thing the word "crane" meant to him was a long-legged bird, and not something with which to lift heavy machinery. They supervised construction and helped expedite materials and supplies for quite a few of the plants being built for the government. Jesse Jones' boys involved in building these plants were thus directly exposed to the South.

After the war they returned to their original business positions well-versed in what was happening in the South. They also became aware of the fabulous oil and gas development and the potential for industrial development in the South. They themselves invested, and since they were in a position to advise others, they brought to capital the idea that many opportunities for wealth existed on this new Southern frontier.

The Korean War and the program of Certificates of Necessity gave us another peak on our curve of progress and again enhanced the industrialization of the South. Now another influential factor which is not often considered: an industrial executive on vacation is still an executive. Notoriously, executives vacation in the South in the winter–in the Carolinas, Florida, Georgia, the Gulf Coast states and other Southern areas. They went South in greater numbers during the war years when foreign travel was impossible.

Certainly a good many of them have thought: "How nice it would be to have a plant in the Sunny South, so I could spend more time there." Well, that has happened more times than you may imagine. Such vacations and business trips had much to do with creating a better understanding between the people of the North and South.

Traditionally the South has been discriminated against in freight rates. This has been the cry of the South for generations and it was justified. The Gulf Coast locations had to be evaluated on the basis of low manufacturing and raw material costs as opposed to the costs of shipping the finished products to the highly populated areas where they would be consumed.

The answer was water transportation–the use of barges on the Intracoastal Canal, the Mississippi and the Ohio Rivers; the use of ships for the East and West Coasts, the Caribbean, Europe and Asia. Most of the early industrial developments took place on and near the coastline. Now industry is pushing inland as the Gulf Coast has built up. This speaks well for the broader aspects of industry, since it develops new customers within the confines of the Gulf area.

For the oil companies and the chemical manufacturers who built along the waterways and used tankers, cargo vessels and barges to ship their products, the next logical step was the building of terminals. They have built such terminals on the East and West Coasts and on the Mississippi and Ohio Rivers. Each is the equivalent of a new plant location.

We in the chemical industry ship our products to the East Coast by barge or tanker in large tonnages, warehouse the chemicals, generally in large storage tanks, and deliver the products to the nearby customers via rail or tank truck or even pipelines.

The use of water transportation has not been without effect upon the railroads, where the routes can be shown to be competitive. And as a result industries have obtained water-compelled freight rates. Using our chemical tankers, we can put Texas-made caustic soda in our New Jersey terminals and profitably compete with New York State caustic producers.

The era of water transportation from the South has barely begun. Great developments can be expected, especially as regards the Mississippi River and its major tributaries. The Mississippi, the Ohio and the Tennessee Rivers are becoming to the United States what the Rhine and its tributaries are to Central European industry.

In 1957 after a five-year evaluation of various sites, our company decided to build a new raw-materials-oriented division on the Mississippi at Plaquemine, Louisiana, just a few miles South of Baton Rouge. One reason for establishing the new division was to give us another large-tonnage production facility in addition to those already existing in Texas, Michigan and California. It was placed at Plaquemine because of the happy combination of raw materials and water transportation.

Many industries, in like manner, are being built along the Mississippi from New Orleans to Baton Rouge and further North along the river. A discussion of natural gas and petroleum in the South is in order, since they have attracted many a company southward.

As I previously mentioned, the industrial development of the South, and of much of our nation, was set in motion by Spindletop, the great gusher well drilled at Beaumont in 1901. Spindletop, and the thousands of wells which followed, supplied industry with essential raw materials, and gave all industries low-cost energy for decades to come.

But the pipelines, starting with the conversion of the wartime Big Inch and Little Inch oil lines, changed the entire picture by pumping the gas to industrial and population centers in the North and East. Other pipelines carried gas to other parts of our country. This may have slowed Southern industrial development, but not for long.

In the Gulf Coast area, industrial gas is selling in the range of 15 to 20 cents per thousand cubic feet from Southern Texas to the eastern border at Orange, Texas. As pipeline charges are added at the rate of 2 cents per 1000 cubic feet for each 100 miles, the prices range in order up to 35 cents to 40 cents in New Jersey, Pennsylvania, New York, Michigan, Wisconsin and Minnesota.

Obviously, the closer a plant is to its gas supply, the lower are its energy costs. A glance at the oil and gas pipeline map from Texas and Louisiana to New England should be a density indicator of industrial development. Industries are being built alongside these arteries.

At one time in the early 40's we were able to make contracts for substantial quantities of gas for 1 cent per 1000 cubic feet, and most of our gas cost us 3 cents per 1000 cubic feet. These were fair prices in those days. Seven of the Southern states still have 70 per cent of the nation's crude oil reserves. The South has 84 per cent of the nation's known gas reserves and 72 per cent of its liquid hydrocarbon reserves. Eventually the South's energy-cost picture will change because of price increases and transportation charges.

Now the cost of industrial gas in the East on the Atlantic Coast by BTU's is practically equivalent to coal, and except for the convenience of gas as a fuel, coal would cost less and be more easily available in the North. Gas priced at 1 cent for 1000 cubic feet is equivalent to 25 cents for a ton of coal so that wholesale or industrial gas at 40 cents per 1000 cubic feet is equal to $10 for a ton of coal, and a barrel of oil priced at $2.50 is equivalent to 40 cents for 1000 cubic feet of gas.

Coal enough for 1500 years lies in the Midwest and in the North, and shipped by water, it could serve industries of the South for a long time after the oil and gas are presumably gone. Gas will eventually be too valuable to burn under boilers, and this is being generally recognized. Utilities and industries on waterways are now considering the desirability of setting their gas-fired boilers high enough to install coal-burning equipment when gas becomes more expensive than coal.

Present-day much-disputed estimates indicate an available oil and gas reserve for the next 100 years. However, at arm's length–not too soon attainable at low cost, but within reach–we find atomic energy. This gives us a feeling of comfort, something to look forward to in our old age in the South when other sources of energy may not be so plentiful. This makes us more daring in our plans for the future.

The facts about the South add up to impressive figures. I will use the chemical industry again to illustrate this point. According to a survey published by the Manufacturing Chemists' Association this past February, the chemical industry will have spent $3 billion on privately financed new construction in the period 1959 and 1961. Of this immense amount for new plants, over one-half of it will be spent in Texas, Louisiana, Tennessee, West Virginia and Kentucky. The other five states in the top ten are California, New Jersey, Ohio, Michigan and Illinois, and they will only spend one-sixth of the total.

The Southern chemical industry has been built almost entirely from scratch in the last 20 years–not even two-thirds of a single generation. Texas now is the third-ranking state in chemical manufacture. Consider that chemical production is increasing at about three times the rate of total U.S. industrial production, and you can see the rising of a new colossus.

Along with the chemical industry, other industries will be developed. In 1970, it is predicted, the chemical industry will be tied with food for the number one position in the United States. Petroleum refining will trail as number two, with electrical machinery and the auto industry in third and fourth places.

Since 1945, research expenditures in the chemical industry have increased eightfold. The results of this research in terms of plant expansion will call for lebensraum, and the trend to Southern locations will continue. Other industries could tell the same story–natural and synthetic textiles, synthetic rubber, aluminum, steel, paper, instruments, food, machinery, processors, fabricators and many others.

The generally conservative trend in state and local governments in the South has been a very positive factor in encouraging the inflow of industry. As the South has changed from a natural resources and farming economy to an industrial environment, the state governments have made corresponding changes in the laws to accommodate the new situation. The South is aware that it must closely watch its tax structure. It has seen too many horrible examples elsewhere to tamper with this talisman of its industrial success.

I will mention two final matters of significance as regards to the South in the reasonably near future. The first is the population growth, which will make the South a major consuming area. The second is the South's strategic location in relation to Mexico, the entire Caribbean area, and South America. Now in 1960 and beyond, it is not "westward the course of empire," but Southward.

INDUSTRIALIZATION OF THE SOUTH

LeRoy Collins

Meeting with you here tonight is a doubly pleasant experience for me. First of all, it is wonderful to be back again in Princeton. My family and I spent one of the most delightful periods of our lives while I studied here for four months as a Navy lieutenant during the war. We came to regard this beautiful town with a deep affection. Our children attended school in Princeton and here saw their first snow. In fact, we had a beautiful White Christmas that year. Palmer Square, and its carolers in the moonlight, validated completely the Dickens picture of Christmas, which before had called for quite an exercise of the imagination by people accustomed, as we all were from birth, to Florida's hot suns and White sands.

I welcome this opportunity, also, to talk with such a distinguished group on one of my favorite subjects, the American Southland. My interest is not exclusively that of a native who loves his homeland; I think I would have become fascinated by the story of what is happening in the South regardless of where my home had been. Certainly, it is a subject which is exciting the attention and interest of a growing number of Americans from all areas of the country.

The fact that this conference is devoted exclusively to the South, and its industrialization, significantly underscores this. In what I shall say there will be both pride and protest. I glow in the South's virtues, but I wince with pain at some of our region's losses. If occasionally I scold or criticize, it is not because I love the South any less, but because I love the truth more.

I believe deeply that the greatest service a Southerner can render the South is to seek the fulfillment of the motto of the Episcopal Seminary of the University of the South at Sewanee: "Seek the truth, come whence it may, cost what it will." One who merely consults the newspaper headlines these days, with their trumpeting of racial conflicts and civil rights controversies, is apt to conclude that doom days have descended upon the people of the South–that decades of painful progress have been swept away, returning us to the bitterness and blindness which set the South aflame a century ago.

But shrouded behind these dismaying headlines is a dramatic story of Southern progress. Today, the South is moving out of the economic blind alley in which it was trapped for so long–moving into the middle of the national economy, and not just feeding off it from the edges.

It is this story, so often unseen, which demands that Southerners put aside the widow's veil, put their house in still better order and prepare to meet greater and greater opportunities. More and more each day the South is demonstrating that it is not a land slipping back into

the past, afraid of change and hostile to new ideas, as so many critics portray it. I have seen first-hand in the South the human energy and human imagination which document this.

Throughout our region I have come to know stalwart, forward-looking Southerners who are determined that our land is not going to be a stagnant backwater in the stream of American life–people who are determined not just to raise themselves and the South up to the national average in all things that make life more meaningful, but who are reaching for levels substantially beyond national averages.

Let us take a quick glance at what the South was like, both before and after the Civil War. Before that war, in many ways, ours was the richest region in America. In fact, nine of the thirteen wealthiest states were in the South. But by 1880, Louisiana, which once ranked second în per capita wealth, had fallen to thirty-seventh. South Carolina had dropped from third place to forty-fifth. And the South, which before 1860 had 30 per cent of the nation's industry, had only 9 per cent of its manufacturing facilities in 1880.

The period that followed the Civil War left on our region what has been so aptly described by Hodding Carter as "the angry scar." While the rest of the nation profited from the benefits of new industrialization, the South struggled in poverty–retarded by a one-crop agricultural economy, unrealistic and discriminatory federal laws and regulations, absentee ownership and the out-migration of its population.

Ignorance–poverty–bad health–soil depletion–and human deterioration were widely prevalent in the Southern region during those decades. This was summed up in 1938 by the Report on Economic Conditions of the South made to President Roosevelt. It said: "The paradox of the South is that while it is blessed by nature with immense wealth, its people are the poorest in the country. Lacking industries of its own, the South has been forced to trade the richness of its soil, its minerals and forests and the labor of its people for goods manufactured elsewhere."

In 1938, Northern states had three times more in taxable property with which to support their schools and other public services than did Southern in the South including states. Endowments of all private colleges and universities in the South (including the Southwest) were less than the combined endowments of just two of the great eastern private universities–Yale and Harvard.

Since 1938, however, a great bootstrap operation has moved forward in the South with increasing acceleration. With abundant natural resources, and determined people, the region slowly gathered strength for the unparalleled forward movement which has come in the middle years of this century.

Today, once-depleted Southern forest resources are being continually restored. Trees are being grown and harvested as crops. More than 10,000 manufacturing and processing

concerns in the South now base their operations on timber resources alone and employ more than half of a million people.

Although the South comprises only one-fourth of the land area of the 48 contiguous states, it has one-third of the good farmland in the nation and two-thirds of all the land with 40 inches of rainfall or more. It has a warm climate and a long growing season. Today, the South has become accomplished in scientific agriculture, and with its year-round pastures is rivaling the West in the production of fine cattle.

Yes, with modern agricultural machinery it has become possible for Southern farmers to emancipate themselves from the obsolescent, soil-eroding, impoverishing one-crop system of bygone years. But the South's most dramatic recent growth has occurred in its industrial development. In the past decade, the Gulf Coast of the South alone has experienced new industrial construction six times the value of all industry built in New England in the same period.

Since the end of World War II, the Southeastern states alone increased their manufacturing employment 20 per cent, compared with a 1? Per cent decrease nationally. Expenditures on new plants and equipment jumped 145 per cent, compared with 102 per cent in the nation as a whole. And the dollar-value added by Southern manufacture increased 104 per cent.

The Southern climate, once a handicap in attracting business and industry because of heat and humidity, has become a valuable asset in this time. More and more industrial processes equally controlled temperature and humidity throughout the year. This requires air conditioning wherever plants are established, and, while more air cooling may be required during summer months in the South, there are more than offsetting savings in much lower winter heating costs.

While growth in the West is strictly circumstanced by the shortage of water, the South has the nation's greatest supply of fresh water. Big industry is continually springing up on Southern waterfronts and moving inland along its many rivers.

With only one-fourth of the nation's land area, the South produces approximately one-half of its minerals. The South has 40 per cent of the nation's clay, 53 per cent of the coal, 65 per cent of the petroleum, 76 per cent of the natural gas and all of the bauxite and naturally occurring sulfur.

My own state produces 75 per cent of the nation's phosphate, a prime ingredient of fertilizers, and it ranks third in the nation in the production of rare-earth metals and first in the production of zircon. The mineral zircon is the source of two of the "cinderella metals" zirconium and hafnium, which are used in atomic reactors.

Our region long suffered from a shortage of fossil fuels to power large-scale industry. This deficiency was overcome through the use of and natural gas. But these irreplaceable resources

will be needed increasingly in the future as raw materials for the Southern petrochemical industry. This industry, already a giant, yet actually only in its infancy, has a brilliant future in the creation and production of new plastics and artificial fibers.

Oil–like wood–one day will be too valuable as a raw material to be burned as fuel. But nuclear energy stands in the wings waiting to take center stage as the power source for tomorrow's Southern industry.

We will soon find new ways of releasing the energy of the atom more economically, and when we do the South's economic emancipation will be complete. But the South already is beginning to reap rich rewards from advances in the field of nuclear energy. Not only have minerals become valuable which once were considered worthless, but radioactive materials produced in atomic reactors are saving Southern farmers and industrialists millions of dollars.

Since June, 1958, the number of isotope-users in the South has increased 42 per cent, from 870 to 1,220. In Florida, we have used nuclear techniques to eradicate the screw worm, which had been costing Southern farmers $20 million a year in livestock losses.

Nuclear raw materials and fuel plants are operating in Florida, South Carolina and Tennessee. Nuclear reactors and nuclear-powered ships are being built in Georgia, Virginia and Mississippi. And atomic power plants. are scheduled for construction in South Carolina and Florida. Nuclear power reactors may enable the South to capitalize on another great plastics industry now only in the offing.

The heat from these reactors promises to be particularly suitable for the processing of the new silicon plastics. These plastics, which may become as important as nylon and other carbon plastics made from coal and oil, could turn the poorest soil of the South into a valuable resource–for silicon is the principal constituent of the sand that lines our Southern sea coast. That coastline, incidentally, is longer than the combined shorelines of the North and Pacific West. And it is another doorway to future riches for the South.

It is said by competent authorities that there is more mineral wealth dissolved in seawater than there is in all our mountains and drylands. The problem is the economical extraction of these minerals from the sea. But scientists are now well on the way with the know-how to unlock these vast hidden treasures. Already a beginning has been made in my own state, where a large plant is extracting magnesium, the lightest of all structural metals, from the waters of the Gulf of Mexico.

Individual income in the South has jumped markedly in recent years. In 1938, the average personal income in the South was half the nation's rate. Today it is well over three-fourths, and, by 1975, Southerners, for the first time since the Civil War, will be earning incomes equal to the national average.

Almost all of the normal business trends of recent years have aided the South's industrial progress: decentralization, proximity between manufacture and markets, competitive

recruitment of highly skilled workmen, important transportation and communication, accelerating Latin American opportunities, maintenance of constant temperatures–these and many others.

But the South has not been content to let nature take its course. For one thing, the South, more than any other region, I think, has discovered that government is the only agency through which all the people can work together to advance their common good. The South believes, as did Woodrow Wilson, that: "Government is the organ of society, its only potent and universal instrument...."

While outsiders have helped, so much of the real motivation and strength for our advances has come through the initiative and resourcefulness of Southern people–manifested in private enterprise and through the liberal use of state and local governmental processes in developing new techniques for meeting needs.

A much greater portion of the cost of education in the South is borne through taxation than in other parts of the nation. In the field of educational television, the South has not been satisfied to bide its time and hopes to take advantage of pioneering efforts made in other areas. We now have nearly 40 per cent of the nation's operating educational television stations, and Alabama, Florida and North Carolina have set patterns for the entire nation in their moves to create state-wide networks of ETV stations, thus combining their institutional capabilities.

The South's unique pooling of its higher educational resources through the Southern Regional Education Board interstate compact has proved of great help and has stimulated the New England and Western states to follow suit. Back as far as 1955, through efforts of the Southern Governors' Conference, our Southern states took the initiative to develop the region's nuclear energy potential.

Most of our states now have agencies working in this field and we also have a regional agency financed by pooled contributions from the individual states. At the last meeting of the Southern Governors' Conference, action was taken to effect a formal permanent interstate compact under which our regional efforts will be carried forward in the years ahead.

Using my own state as an example of Southern governmental enterprise, in the past two and a half years the State of Florida has spent or committed from state tax funds eight and a half million dollars for nuclear research and education at our state universities. There is no program of this kind, conceived by educators and state officials and financed by a willing citizenry with their own state tax funds, anywhere else in the nation.

Southern industrial development has been actively sought. Each Southern state has established a development agency within its state government. Staffed by competent personnel, these agencies have gone out to business and industry selling the advantages of Southern locations.

In Florida, we currently are spending nearly twice as much for industrial promotion and advertising as all of the New England states combined. And the results, we feel, have proved these to be wise investments. During the past three years, we have had more than 2,000 new industrial plants, and major expansions of existing plants, to bolster our economy.

Some of the Southern states, such as South Carolina, North Carolina and Mississippi, have formed business development corporations to fund loans to new businesses coming into their borders. Others, like Mississippi, have begun reductions in state income taxes, as a lure to new industries. Still others, like West Virginia, are assisting importantly through the formation of urban and rural planning and zoning commissions.

One of the most intriguing techniques for attracting new industries is the industrial park, and this is best illustrated by the fine success North Carolina has had with its "research triangle." There, three great universities–the University of North Carolina, Duke University and North Carolina State University, all located within a few miles of each other–serve as a powerful magnet to industry interested in the benefits of close-at-hand research and educational opportunities for its employees.

One of the most significant victories in the Southern struggle for industrial opportunity has been the virtual elimination of discriminatory freight rates. Through the long, tedious efforts of the Southern Governors' Conference, we have been able to remove most of the rate regulations which, for so many years, made it cheaper to import products from the North than to manufacture them in the South and transport them elsewhere.

Industrial growth has drawn people to our cities. The South, which was two-thirds rural in 1938, is now half urban and will be three-fifths urban by 1975. In Florida, where the urbanization trend is accelerating at a faster pace than in any state, during my lifetime I will have seen the ratio change in eight out of ten Floridians living in the country to eight out of ten living in the cities.

Economically, Southern standards of living are rising and section differences in wages are fast disappearing. And the South and its people, for the first time since the Civil War, now are rapidly acquiring the means by which they can make their full contribution to the national well-being.

Our days of economic provincialism in the South have ended. Our days of political provincialism are numbered–unless, of course, we should fail to accept our position as a part of the mainstream of national life, and the responsibilities that go with it. A region, in assuming its full responsibilities nationally, however, actually is measuring up to its responsibilities to itself.

The South cannot grow just in economic wealth. The South must also grow in conscience, in moral strength, in dedication to democratic ideals, in loyalty to the nation's goals. Our new dollar potency must be matched by political potency–not the kind that

measures its strength by its noise, or by its capacity to produce headlines, but by its influence in achieving national, as well as the regional, well-being.

The South is changing, along with the nation, industrially and economically and sociologically. But political change does not always keep pace with the people's rate of change. The greatest danger in the South is that our people will fail to understand the change taking place all around them. They must not forget that the first law of nature is change and that the second is the survival of those who put themselves in accord with this change. This is what Southern leadership must recognize if it expects to be listened to on the national scene.

A tremendous lesson is to be learned from the tragic example of Edmund Ruffin, the Virginian who happened to be the one who fired the first shot upon Fort Sumter. By no means was this his greatest achievement. Ruffin had a remarkable foresight and understanding of what the South could be if it would practice sound soil conservation, then a scoffed-at innovation.

The Civil War kept him from ever seeing his vision and hopes materialize. He was consumed with his hostility to the Union and his devotion to the cause of the Confederacy. When he got the news that the South had lost the war, Ruffin, asking that his body be wrapped in a Confederate blanket and buried, took his own life in abject despair. Had he been able to devote his energies to saving the South's soil, a mission for which he was so conspicuously qualified, our region doubtless would have been spared many long years of suffering.

If the South should wrap itself in a Confederate blanket and consume itself in racial furor, it would surely miss its greatest opportunity for channeling into a wonderful future the products of change now taking place. And the South must face up to the further fact that it would also bury itself politically for decades to come.

Great forces of progress are at work in the South, exceeding anything dreamed of since the Civil War. These forces are calling to public service new and vigorous leaders from the ranks of Southern people. These forces are bringing to the South its greatest challenge of all time, a challenge like that of the river: "Bring me men to match my mountains, Bring me men to match my plains–Men with empires in their vision And new eras in their brains."

Yes, there are forces at work in the South–men and women who do not have their faces turned backward. They do not receive the headlines and public notice which are accorded the more sensational examples of lack of progress. But tremendous progress is being made in the South. The region is indeed on its way toward achieving its rich fulfillment.

And in the process, experience is being gained, techniques are being developed, lessons are being learned and leadership is being forged–all of which can and should be brought to bear on similar problems throughout the world. Most of the world still is in a far lower stage of development than that of the South in its darkest days after the Civil War.

Two-thirds of the world's people go to bed hungry, and often their bed is the packed earth or the pavement of a city street. The average life expectancy of a child born in many areas of the world is less than 35 years. Three-fifths of the world's people cannot read or write. The people of the underdeveloped countries want to be free and want to live in democratic societies. They also want rapid improvement in their material standards of living and in their social status. They want bread and education and respect–and they want it in their lifetimes, not just for their children.

But many of these people lack the basic means of self-development. They lack the machines to make jobs, the schools to train skilled workmen, the hospitals and public health facilities to give them the vitality to do a hard day's work. They lack fertilizers to revive washed-out soils, insecticides to save their crops and their livestock from hordes of insect pests and agriculture machinery to increase their production of food and fiber for their own needs, and for exchange for more machines for farm and industry.

They lack developmental capital and know-how and are searching for short-cuts for obtaining these. What has this to do with the South? Why should the South be concerned with finding a better life for the world's underdeveloped areas? The answer is more than a repetition of the traditional argument about this being a small world. And while we should not need any other incentive than the reminder that we are our brother's keeper, there is a very impelling additional reason why those of us in the South should be concerned.

The truth is the South still has a long way to go. As great as its gains have been, there is still much to be done. Even with all its new-found industrial balance, the South remains this nation's own largest underdeveloped area.

There is a very direct and vital relationship between world-wide conditions and the South today, for the South has much in common with every area of the globe which has been slow to develop. Moreover, in tackling its problems, the South has developed techniques which can be of benefit to all underdeveloped areas.

Rapidly advancing educational opportunity, developing methods of cooperation, industrialization of an agricultural economy, elimination of disease and poverty, the peaceful solution of racial problems–all these and many more are taking place right now in the South.

Leadership in the South–business, professional, educational and political–instead of being rejected out of hand nationally should be regarded as a valuable resource in the role which America must play in meeting the challenge of history. But I am not one of those who would berate the rest of the nation for oversight.

To be honest about it, too many of us for too long in the South have permitted the South's own worst enemies to speak for it. We have allowed the advocates of racial and economic reaction–the very ones against whom we in the South have had to struggle on a local and state level for every inch of progress we have made–to speak for the South, simply

because they have made the loudest noise. And because such Southerners fitted neatly into the stereotype which many people had formed as typical of the South, these voices were accepted and recorded as representing the South.

Some politicians in the North and West contend the South is a region of America incapable of producing national leadership, and there are even some Southerners who parrot the same fallacy. Well, I say it is high time the South rid itself of this political inferiority complex. After all, where was this republic founded?

So much of it came from the minds of Washington and Jefferson and Patrick Henry. The young republic was nourished by the philosophies of Madison and Monroe and Jackson. These were the great leaders of the experiment in democracy which has literally reshaped the world. And every one of these were men of the South.

In those days, the borning days of our republic, the nation was eager to accept fine leadership without regard to geographic consideration. I believe the nation is just as eager today, despite all of the sage political forecasts that only men from this state or that region can win national affection or provide leadership for our country. In our troubled country and in this nervous, hungry, worried world, we need quality leadership regardless of the region in which it developed.

The South has much to offer to the nation and to the world in this respect. Where in America has the struggle against economic and racial reaction been harder for the past generation? Where has there been more rapid progress in the advancement of an underdeveloped region by democratic means?

The South's struggles have prepared it for a crucial role in the world's struggle against poverty, against ignorance, against disease, and against racial turmoil and prejudice. The fact that these struggles still are going on in the South does not mean the South is disqualified from participating in these struggles at the national or international level. On the contrary, it means these problems have been alive and present challenges for the generation of Southerners now being thrust, with their fellow Americans, into a new era of international responsibility.

Indeed, in one generation, Southerners have become experienced travelers along that road the world must take if it is to journey out of chaos and away from destruction toward a better life. Our country is in trouble. It has a right to expect the best from all of us, regardless of where we live. And just as it is wrong for anyone, including some Southerners, to sell the South short, by the same token we in the South have no right to go off in a corner and sulk.

Southerners, like Americans from every section of this land, have a solemn obligation to make whatever general and unique contributions they can. I wish I could stand here tonight and assure you that there is some magic in the industrialization-urbanization process which will guarantee the South's full and prompt acceptance of its rightful responsibilities. But there

is no such magic. It is still going to be up to the people of the South, and particularly its leadership, to make full use of the means toward that end which industrialization helps make possible.

I have no doubts about the ability of the Southern people to respond to this challenge, to respond to the type of leadership which is capable of bringing out the best in the South. The people of the South are like the people anywhere else in America–they can and they do and they will rise to the occasion, if only given the opportunity. For they are, above all else, Americans.

THE TWO WORLDS OF MODERN SOUTHERN WRITING

Louis D. Rubin, Jr.

In one of Flannery O'Connor's many excellent short stories, there is a moment in which a Georgia farm woman offers to let an itinerant philosopher sleep in an old Ford automobile, if he can put up with it, "Why listen, lady," he reassures her, "the monks of old slept in their coffins!" To which his hostess replies, "They wasn't as advanced as we are."

We are dealing with cultural change, which sometimes involves advancement and sometimes doesn't, and there are at least two ways of approaching it. We can discuss as culture what the people under scrutiny are reading, what paintings they have on their walls, what music they like to hear. Or we can view culture as the achievement of the artists produced by a place in giving form to the human image in their time.

They are not the same. It is quite conceivable, for example, that certain artists of considerable stature can be produced in a time and place even while the greater part of their fellow human beings of that time and place show little or no interest in those artists, in any conscious artistic activity at all. One thinks of the sovereign state of Mississippi, for instance, and of late editor of the *Jackson Daily News*, whose recorded comment when one Mississippi citizen was awarded the Nobel Prize for Literature was that the novelist "is a propagandist of degradation and properly belongs in the privy school of literature."

It is not with that approach to cultural change in the South that I shall concern myself today. I do not propose to tabulate the number of watercolors sold in Charleston, South Carolina, or the increase in attendance at symphonic concerts in Nashville, Tennessee, or a comparison of the sales of the *Ladies' Home Journal* and the *Sewanee Review* in the state of Arkansas. I am interested, rather, in what there is about a time and a place that can nurture creative activity, and what changes in that place and in time mean for such creative activity.

Furthermore, I shall limit myself even further by proposing to discuss only a single form of cultural creativity, that of literature. I do so with some confidence, because in our time the outstanding cultural productivity of the South has been literary. The region has produced almost no composers or painters of first rank, but it has produced a galaxy of novelists, poets and critics of literature whose reputation is world wide. I shall ask what it was in the time and place that produced them, and what the changes that have been happening to that time and place may mean for the future of their high art.

If we look at Southern life as lived during the past half-century, we are struck by two phenomena. One is the amount and force of the change that has taken place and is still taking place. The other is the force and nature of the continuity that remains in spite of the change.

The change has been emphatic, and quite bounded in time. What was one thing has become something else, almost before our very eyes. The South used to be a relatively placid, agricultural, culturally isolated, economically impoverished, socially intimate region. It was a place where family, and family ties, meant a great deal. It was strongly and often narrowly religious, and religious concerns entered very sharply into public affairs. It was a place that made much of its history, in particular of one event in that history. It was a place where there was an abundant supply of cheap labor, so that there was considerable leisure for those not doing the laboring.

People ate midday dinner, and fathers came home from work for two hours during the middle of the day. It was a place where nobody had too much money, and genteel poverty was fairly common. It was also a place of considerable squalor, particularly among the Negro population, and generally the White people ignored the squalor, saying to themselves that those who lived in it were used to it, and even preferred it. It was a place where everyone knew everyone else, and the population did not change too much, so that people knew who they were and who everyone else was, and were reasonably convinced that things would continue in this fashion. Barring unforeseen calamities, it was expected that life would go on from year to year in the same way it always had.

That was the South into which some of us were born, and most of us thought we were born. For though the state of being that I have described began changing rapidly about the year 1900, and has been changing faster and faster ever since, it has only been very recently that we have come to realize just how extensive the change has been.

How much has Southern life changed? To the Southerner who asks that question, one might in turn propound some questions, the answers to which will give an indication. Does everybody in the Southern community still know everybody else? How many of the homes of your neighbors along the same block have you ever been in? What church does the check-out clerk at your supermarket attend? When did you last sit down for a meal in the company of anyone with whom you attended elementary school? What would be your attitude if a member of your family were to marry someone who did not belong to your particular church? When was the last time that all the members of your family spent an evening together? Do you know who the great-Grandfather of your next-door neighbor was? Do you even think it worthy of comment any more when you meet someone who was born and raised North of the Potomac River? When was the last time you heard anyone you knew speak of Jefferson Davis?

If we consider the answers that most of us might make to those questions, we can see how far we have travelled during the Twentieth Century. We have travelled so far, I think, that if the mechanisms of time could suddenly be subverted and one's Great-Grandmother, let us say, could come calling on one, and sit down for a talk in the parlor, there would be little

interest in the same topics of conversation at all. One would think the two came from different worlds, with entirely different ideas of what was important and unimportant in those worlds. One would think one's Great-Grandmother hopelessly provincial and she would wonder how her great-grandchild could stand to live with so little certainty and stability.

And yet, once Great-Grandmother and great-grandson got accustomed to each other, and began to understand each other's terms, they might begin to find they still had some things in common. Perhaps today's young Southerner does not know the names and family histories of all his neighbors, but he still likes to socialize, to sit around and talk. He has not seen all his aunts and uncles and cousins lately, but he is still interested in the doings of the family, and keeps in touch with them, and makes a great deal of the family when the occasion arises–and sometimes it still does. He still has an idea of his city or town, his community, as a particular place, and of himself as a member of it, with a definite stake in it. And though he no longer listens to his older relatives talking about The War, for they are all dead now, still he thinks of himself as a Southerner, as a member of a minority group with certain attitudes, ways, opinions and knowledge that set him and his kind apart from the rest of the country. And when he gets on the train or airplane or in his car and goes North, he still feels a certain quickening of his pulse, a certain excitement involving a little apprehension and much anticipation, when he crosses over the bridge or sets down at the airport and sees the thousands of little tokens and signs that inform him that he is now in the North, in the metropolis, in the Other Country.

So I think that many of the Southern attitudes, the Southern ways of looking at the world, are still very much present today, even though the conditions of life, and many of the things that originally *caused* those attitudes, have changed. Thus, within the change there has been and there still is *continuity*–attitudes, customs, habits of mind and soul that have hung on, have even in some respects become intensified. And while I think that we greatly delude ourselves if we try to pretend that we in the South have not changed a great deal, and that conditions have not changed a great deal, I believe too that we also delude ourselves if we attempt to ignore the persistent influence and staying-power of some Southern attitudes–of, shall we say, the Southern self-consciousness, the Southerness of the South.

Now the writer, no matter what form his work may take, shares the concerns of his society, is part of them, draws his art out of them. Only unlike others, for the writer those concerns are projected into an artistic image, a story, a poem. It matters not whether the writer is consciously writing about the concerns of his society or not; the attitudes that determine his art are nevertheless deeply shaped by them. Thus modern Southern literature is a product of modern Southern life, and the images it portrays are closely associated with the changes that take place in Southern society. One cannot imagine Thomas Sutpen of

Faulkner's *Absalom, Absalom!* living in Michigan; and one cannot imagine a writer not of Faulkner's time and place writing about Sutpen. It is quite true that he *transcends* his time and place, but his image is squarely of the time and place. And a point is, can that kind of novel still be written today as well as thirty years ago? But more of that later.

What has caused the change in Southern ways? Whatever its ultimate cause, the immediate agent, I think, is Southern industrialization, which has revamped the entire economic structure of Southern society, greatly modified many of the social attitudes that grew out of that society, and caused vast adjustments in the pattern of daily life in the South.

Why doesn't our young Southerner know all the families living on his block any more, and everything about them? Because the settled, contained community that used to exist has disappeared. The South has had to bring in people from all over the country to make its complex economic life operate. Towns have become cities, cities have become huge metropolises. In 1900 rural life was the major mode of Southern existence; only about 15 per cent of the Southern population lived in cities. By contrast, the present census is expected to reveal that more than half of the Southern population lives in cities; and nowadays the farms are increasingly the suburbs of the cities. In my own state of Virginia, and in many another Southern state, the major part of the political fracas is attendant upon this change. The end of Massive Resistance in Virginia, for example, far from being a triumph of pure benevolence, was closely associated with urban pressure for industrial expansion. If one considers those questions propounded earlier in this essay, one will see that the answers are all due to the changes resulting from the transition from a settled, small-town and rural society–a closed society–to a fluid, urban and suburban, metropolitan society–an open society.

But what of the force of continuity? Is that due to disappear too? One wonders, and with mixed emotions, as to its desirability. But the point is that the attitudes of the old way, though modified, have hung on, have stayed with us, even while the social and economic conditions that originally helped to produce the attitudes are rapidly changing. Thus the South is in a process of transition, and is experiencing a kind of two-way pull, an opposition between change and continuity.

And this process has its chief impact, not in columns of stats and economic registers, not in the cold print of census returns, but in the dye and wool of the social fabric, the attitudes of the people who are participating in the change–who themselves *will* change, and will also *resist* change and that when we say that the South is rapidly becoming industrialized, rapidly experiencing urbanization, and that in the South there is often an opposition between change and continuity, we are not talking about abstractions, but about everyday life. There is the new factory, there is the television set which are the same styles in Montaldo's in Richmond as on Fifth Avenue, there is five o'clock traffic and the shopping center and the ranch houses row that mark our places in the sky. In the suburban development in which I lived in Richmond

four years ago, my neighbor on my right was from Charlottesville, Virginia, my neighbor on my left was from Illinois, the man directly across the street was from the Midwest somewhere, while I was from South Carolina.

And yet there are the endless cousins and the aunts, and the quiet voices on still streets at three o'clock in the afternoon, and the ladies club, and the clink of the menfolks' highball glasses on the veranda, and there are the lunch counter demonstrations in Richmond and Nashville, and the shouts of defiance, and there are the hunters in the fields on bright autumn mornings, and the clerk at the supermarket who *must* set up a personal relationship with my wife when she does the shopping; and there is my own instinctive response whenever someone from the North steps forth to generalize about Southerners and Southern problems. And there is the heat, and the Spanish moss, and the buzzards wheeling over the pineland, and the Confederate monument, and the Stars And Bars on the graves in the cemetery on Lee's Birthday.

Out of this opposition of change and continuity, the forces of past and present, has come a tension, and a kind of perspective as well, which the writers of the modern South have all shared. For better or for worse, the literary achievement of the modern South is bound up with this tension, and draws masterfully upon this perspective; and I am inclined to attribute much of the artistic impact of modern Southern writing to the qualitative richness of the tensions embodied within it. It is a divided literature, a literature of past and present, their conflicting claims, the perspective each affords on the other; and above all, the resolution made possible, whether in comedy or tragedy, in the artistic image that can embody such material. For of course the literary image is never simply one of tension and division, but of the redemptive resolution of that tension and division which is the work of art.

Not the fact of social change in the South, but its implications for the artistic image of Southern writing, is what matters here. This artistic image involves considerably more than subject matter alone; and so we are concerned not with the increasing importance of industrialism in Southern life but what this has to do with the way that the Southern writer growing up in those expanding cities sees the human situation.

When we look at the novels and poems produced by Southerners in the last three or four decades–the years of the Southern Literary Renascence, when a host of brilliant writers rose up to refute H. L. Mencken's remarks about "the Sahara of the Bozart"–we can find comparatively little that is vibrant, optimistic, progressive. The high-hearted anticipation with which the chambers of commerce in the South greeting the coming of industrial payrolls is largely lacking from most good Southern writing. Instead its overtones have been shadowed, even dark, full of violence and passion and brutality, with a pervading sense of evil, loss, death. Or if not that, then satirical and mocking. So much so that during the 1920's and 1930's many of the active prophets of the rising Southern enlightenment were rather appalled at the

performance of the novelists and poets who responded to their incantations and made their auguries come true.

Now when we look back at it, we can hardly be surprised that the Southern Literary Renascence assumed a somber and brooding form. Good writers are often political and social liberals, but they are seldom optimists in their art. What most good novelists are preoccupied with, I suppose, is the image of man seeking to find a meaning in time through language. What might have been expected of Southern writers in a period of great social change, then, was nothing more than a literary image of men seeking to define themselves as human beings in a time characterized by the conflicting loyalties of past and present. That, I believe, is what we got. For Southern literature in our time has been characterized most of all by the divided allegiances of the old and the new, change and continuity, and the tension produced therefrom. Allen Tate has remarked of himself and his colleagues in *The Fugitive* that "we had, at any rate in Nashville, a double focus, a looking two ways, which gave a special dimension to the writing of our school." I find this remark in important respects quite analogous to the distinguished sociologist Ruper Vance's observation of a few years ago that "the South now appears on the verge of taking the plunge which will mean a definite break with its past. The process is drastic, its causes compelling."

In terms of the human reassessment involved in so drastic, so compelling an event, it is also a very painful business at times. And we can find no better place to observe the impact of the event, and to ascertain its human meaning, than in the work of modern Southern writers.

It is easy enough to select an obvious example, such as Hamilton Basso's best seller of several years ago, *The View From Pompey's Head*. Part of that novel read like a soap opera, but part of it, I thought, was quite genuine. That part was the depiction of the way a small Southern seaboard community looked to one of its natives who lived in the North and was returning again to visit, and how he sensed the changes that had taken place, the social tensions, the way that the long-established stratifications of town society were breaking up, of how all elements in the society were seeking to adjust to the changes. It was a very complex thing, but I believe that anyone who grew up in such a city instantly recognized what Mr. Basso was describing. He had given it artistic image, a compelling image that the statistical indexes and sociologists analyses could not show nearly so clearly in terms of the human relationships involved therein.

I do not, however, wish to rest the case for modern Southern literature on *The View From Pompey's Head*. A better example would be Robert Penn Warren's *All The King's Men*. Jack Burden, the narrator of that novel, comes from an old Louisiana family. In the life about him, in the accepted loyalties and attitudes, he can find no meaning or certainty, and he turns to a hero, Willie Stark, a Huey Long-like redneck politician who is a tremendously effective popular leader, with a genuine concern for his victimized fellow farmers, as well as a

power-crazed, unscrupulous demagogue with a talent for bending the masses to his often corrupt ends. Willie Stark provides leadership for his people, brings sorely needed reforms, knows how to act, to make his impact on the world; he also subordinates dubious means to allegedly good ends, makes a mockery out of the law, inextricably mixes personal gain with public good. Finally he is shot to death. For Jack Burden, who has wanted something certain, something meaningful in life, there comes eventually the knowledge that all men are sinful, that evil means cannot produce good ends, that no human being can abdicate his responsibility for what he does. He finds this out in grief and tragedy, in pain and suffering.

One looks in vain through *All The King's Men* for any kind of advocacy of Progress, any attempt to convince people that either change or continuity is good or bad. Instead, what is available is the perception, through and in the literary image, of the nature and attitude of certain human beings, the spiritual condition of a time and place, a place we all recognize as a time we know as our own. Here, Warren says, is what being human *means* in such a time and such a place.

Change and continuity. The accusing and impossible past, the appalling and inevitable present. Men caught up in that tension, transfixed in that dichotomy. This is the image we get in Warren, in Faulkner, in all the modern Southerners. For some the image has been comic, for others it has been weighted with tragedy. For all the image has been available, and has provided the writers of the South with both the material and the attitude toward the material that has made major literary achievement possible. "You can't understand it," Quentin Compson tells his Canadian roommate in Faulkner's *Absalom, Absalom*!; "You would have to be born there."

It is not of course simply a matter of the environment, not simply a matter of the attitude available to the writer by virtue of his time and place of birth. We can say if we wish that the milieu did much to give the Southern writer his sense of tragedy, that the concept of doom was bred into his bones by the time and place, but it should be obvious that in the final analysis it is the artist, not the subject matter or the cultural climate that makes the tragedy possible. There have been many novels about Southern demagogues and their aides; there has been only one *All The King's Men*. One might fill a bookcase with novels about decaying Southern families, written by novelists born in the same region where William Faulkner was born; there has been only one *The Sound and the Fury*.

What we can say is that the cultural and historical milieu, the tensions within the society, made available to some few writers a particularly impressive kind of image, one that proved especially usable for purposes of notable literature. If we examine *The Sound and the Fury*, for example, we see that the tragic protagonist is not one person, but a whole family, the Compsons, once one of the great aristocratic dynasties of the South, who have fallen into intellectual and moral decay. Not once are we told what the Compsons used to be, yet the

intimations of their former glory are strewn about the novel. There is that in the milieu–in the tokens and appurtenances of everyday life, in the historical situation, in the townsfolks' attitude toward families such as the Compsons, in the very way that such families think of themselves–that made a potentially tragic situation more than ordinarily available to William Faulkner when he sat down to write.

What I wish to suggest is that it is the changing character of Southern society during the years about which and in which Faulkner was writing, the historical forces implicit in that milieu, the attitude of the author toward these, that afforded Faulkner much of his image of decline and fall. How much more difficult would it be to imagine the assumptions in such a situation being equally valid in a novel about an urban Southern family of today, no matter how well placed or prominent. In such a setting the Compsons would not stand out so sharply, the presumption of former leadership would not be nearly so readily accepted, the degradation would not seem so momentous, the sense of their isolation so overwhelming.

More than that, we may wonder whether the young Southern author beginning his novels in our own time could take the same situation nearly so seriously. The South into which he has been born and in which he has grown up is already far different from the South that the young writers of Faulkner's generation knew. In part this is a question of subject matter–the landed have almost all fallen, or have changed over from feudal to commercial occupations; the tradition of aristocratic leadership, and the sense of betrayal in failure, are of far less imaginative importance nowadays. The closeness and solidarity of the older Southern concept of family has been breached. There is no longer the faithful, childlike peasant he once seemed to be.

More importantly, the attitude of young Southerners to such things is different. The predominant milieu is simply not one involving decline and fall. The conditions of Southern life are so very much changed, the Southern historical consciousness operates in so very different and less tangible a fashion the whole cultural and economic outlook is so transformed, that it would be difficult to imagine the particular kind of tragedy that Faulkner, or even Warren, has been able to create being written by a young Southern writer today. William Styron's *Lie Down In Darkness*, for example, we are dealing with the decline and fall, but with the achieved results of such a fall. The past has receded beyond Peyton Loftis's memory; nothing has been provided to take its place. The old attitudes hang on, but there is nothing in which to embody it. One feels that as the attitudes grow increasingly more anachronistic, they will seem increasingly less important. What even for Styron could still be tragic may soon be vestigial, pathetic, absurd.

So that it seems to me that with the tremendous forces of change that have been at work in Southern life and are still at work, a kind of image of man has passed which has recently proved of singular usefulness in the creation of memorable literature. And I venture to

predict that if the writers of the South continue to produce memorable literature, it is going to be different in kind from most of that which has preceded it.

I believe, in other words, that though the pull of the two worlds, the tension between continuity and change, will still continue to be very much present in Southern life, and therefore in the way that the young Southern writer looks at life, we have come so far, and changed so much, that the continuity will increasingly come to lie largely within the individual. It will be a private continuity, then, one no longer embodied in institutions, no longer dependent upon institutions. It will be inward, personal, and there will be fewer and fewer political, social, and economic causes to embody it.

But perhaps it is better that way; for that way it will continue to embody and cherish the virtues, while refusing to harbor the injustices, the drawbacks, of what was our way of life. Southerness will survive as a way of looking at things, an attitude, a habit of mind, an added dimension of language to relieve the drabness and flatness of what might otherwise be a dreary conformity.

In literature I rather imagine that its metier will turn out to be not so much tragedy as comedy. For comedy is based upon irony, on skepticism, and there is so much available for the skeptical eye in Southern life nowadays. In a community dedicated to Progress, where all the pressures are for conformity, For Belonging, there is need of a literature that will speak up for individuality, poke fun at Olde Virginia Ham signs, the Gracious Living slogans, the motels with fake Georgian columns, the Citizens Council letterheads with their Confederate flag ornamentation, the quaint charm of the industrial parks (I love that expression, "industrial park"), the rich green of the rustic creek water downstream from a paper-pulp mill.

For literature is always human, and it always reminds us that we are. And in the days to come, as the South completes its vaunted industrialization, as the superhighways encompass the remaining countryside and the ranch houses multiply on the bosky dells, as every impulse is for doing as one's neighbor does, as more and more we think we grow nearer to perfection on earth–it will be good then, it will even be essential, to have some novelists and poets around to keep reminding us of our imperfections, our absurdities. They will be there in the South, I think, and they will tell us in their stories and poems that we are merely men, that for all our machines and our comforts we are pretty limited creatures, and that we are never more ridiculous, and more heroic and beautiful too, than when we try to transcend those human limitations. So that when I look into the future of modern Southern writing, in my mind's eye I seem to see Don Quixote riding across Mississippi and the Lower South and into the Carolinas and Virginia.

INDUSTRIALIZATION OF THE SOUTH: AN ECONOMIST'S VIEW

James A. Morris

The story of the transformation of the Southern economy from comparative poverty to one of relative well-being is too well-known to bear repetition in all of its details to this distinguished audience.[1] Suffice to say that the South has taken tremendous strides forward in every tangible way and that it is on the threshold of even greater change. In the process of economic development its basic regional characteristics and institutions have been and are being altered, but it must also be emphasized that the process of industrialism in the South differs in significant respects from the process in the nation as a whole. In Toynbee's words, "The adjustment of institutions to changing economic circumstances may be a painful process. It is neither balanced nor complete... The new and the old are mixed illogically and in curious proportions..."[2] A major thesis of this paper is that this dynamic process of industrialism will contribute greatly to development of this potentially rich but relatively underdeveloped area of the country, but that the 20th Century version of industrialism will manifest itself in the South in less undesirable forms than its 19th Century counterpart in the North and East.

Let us examine first the broad framework of economic change in the Southern region over several decades. The most commonly accepted index of economic development is that of per capita income. The record shows that per capita incomes in the 12 states of the Southeast rose by 300 per cent between 1929 and 1958, or about 50 per cent greater than for the nation as a whole.[3] For the period 1950-1958 the rate of change was 46 per cent for the Southeast as compared with 38 per cent for the nation, while for 1957-1958 the change was 2 per cent as compared to 1 per cent. At the same time it must be emphasized that per capita incomes in the region were still only 72 per cent of the national average in 1958, with proportions varying from 51 per cent in Mississippi to 91 per cent in Florida. Significant changes occurred also in the relative contribution of major sources of income, with agricultural income declining

[1] It must be kept in mind that the South is not a completely homogeneous economic unit, that rates of growth vary between states, and that definitions of it vary somewhat, based on availability of data.

[2] Arnold J. Toynbee. *A Study of History.* (Abridgement of Volumes VII-X by D. C. Somervell) Oxford University Press, 1955, pp. 1441-2401.

[3] "Regional Markets in 1958," *Survey of Current Business* (August 1959).

markedly, and government income payments and manufacturing payrolls increasing significantly.

These changes in the source of income reflect fundamental alterations in the economic structure of the South. Agriculture has declined in economic importance measured by number of units of production, numbers employed and relatively as a source of income for the whole nation, but the impact of this changing trend has been greater on the South in recent decades. The number of farms, for example, declined by 24 per cent in the nation between 1920 and 1954, but the decrease for the South was 28 per cent.[4] Farm employment declined by 30 per cent in the nation from 1940 to 1957 while the decrease was 38 per cent for the South. During the decade from 1947 to 1957 farm marketing receipts, not including government payments, remained almost the same in current dollar terms for the nation while the increase for the South was about 12.5 per cent. At the same time the proportion of farm marketing receipts generated by crops, as contrasted to livestock, declined slightly for the South while remaining about the same for the nation. Farm income as a proportion of total personal income declined between 1929 and 1958 from 8.4 to 4.7 per cent for the nation, and from 20.7 to 7.1 per cent for the Southeast.

Government Income Payments have become relatively more important as a source of income for the United States but even more so for the Southeast. Between 1929 and 1958 such payments increased from 7.3 to 18.4 per cent of total personal income for the nation, while the rise for the Southeast has been from 8.5 to 22.2 per cent. It should be noted that government disbursements have had a greater impact in the South because average payments are uniform nationally as contrasted with the regional differences which exist in manufacturing wages, for example.[5]

Trade and service income have tended to change only slightly for the nation and for the region, constituting about one-fourth of total personal income for each throughout the period.

Turning to Manufacturing Payrolls, which are symbolic of industrialization, the data indicate an increase in their importance as a source of personal income for the nation and for the Southeast. Between 1929 and 1958 manufacturing payrolls increased as a source of income from 19.7 to 21.5 per cent of total personal income, while for the Southeast the change was from 14.6 to 17.3 per cent.

In summary, the data on income over the past few decades indicate that the Southeast is moving in the same direction as the nation in terms of basic trends, but more rapidly! Agriculture as a source of income and employment is becoming relatively less important, while manufacturing payrolls and government disbursements are becoming relatively more

[4] The South includes SA, ESC, WSC. *Statistical Abstract of the U. S.*, 1958.

[5] *Survey of Current Business* (August 1959).

significant. In the process, income levels are moving closer to the national average, but a sizable gap remains. It is relevant to note that the Southeast has shifted markedly from primary economic activity, agriculture and manufacturing, and toward tertiary activities, government and trade and services, which in 1958 provided the major source of income and employment. This is in accord with Colin Clark's concept of the nature of economic development, which would indicate that the Southern economic development is not a special case. Before close examination of this point, however, it would be well to evaluate the changing nature of manufacturing activity in the South.

Not only has manufacturing activity risen in an absolute sense in the South, with the dramatic increase in the nation's manufacturing industry, but also relatively. The South's proportion of the nation's manufacturing jobs has risen from 16.2 to 21.2 per cent of those in the nation between 1899 and 1958.[6] During the same period the South's proportion of value added by manufacture rose from 12.1 per cent to 20.3 per cent of the national total, indicating also that quality of manufacturing activity in the South has risen relatively. The increase has been a continuous one: between 1947 and 1958, for example, the Southern proportion of manufacturing employment went up by 2.6 percentage points while value-added rose by 3.2 percentage points. It should also be emphasized that the South's share of the nation's population has actually declined slightly in this century, with the high natural rate of increase offset by unusually high rates of out-migration. The growth in industrial jobs and value are, consequently, even more impressive.

These dramatic economic improvements have been made possible essentially by more efficient use of indigenous resources, supported by financial and technical assistance from the rest of the nation. Not only has there been increased participation in the labor force through the use of women and the reduction of underemployment in agriculture, but also the shifting of workers into manufacturing and trade has made the labor force more productive. Capital needs have been supplied only in part from within the region, with substantial amounts provided by the Federal Government, national financial agencies and by large companies which have built branches in the South. Also, while the whole level of education and training has risen very significantly in the South, national companies and agencies have provided research and technological know-how which has helped to make industrial progress feasible.

In examining the reasons for economic progress it is well to emphasize first the desire to seek material advance, which plays such an important role in promoting change. A distinguished economic historian, W. W. Rostow, has formulated the concept that there are six propensities necessary for proper economic development: to include propensities to develop fundamental science, to restrict consumption enough to develop the savings

[6] Data from U. S. Census of Manufactures. South includes South Atlantic, East South Central, West South Central.

necessary to finance development, to restrict the birth-rate in order to prevent overpopulation, to apply science to economic ends, to accept innovations and to seek material advance.[7] A summary judgment would be that the South has demonstrated a willingness to advance and to accept modern methods to do so, and that its weaknesses have been compensated for by capital and technical assistance from the rest of the nation and through the favorable effects of outward migration.[8]

More particularly, the South possesses an abundance of trainable and willing industrial workers and adequate physical resources in the form of coal, oil, forests, water and soils. At the same time the South has been favored by economic circumstances to include: the movement of the center of population and production of the United States toward the west, placing Southern industries in a more favorable position vis a vis the older eastern industrial centers; the reduction of dependence by industry on water sites and domestic raw materials has added to its mobility characteristics, thus giving greater freedom of movement of plants to the South; high levels of prosperity with accompanying high levels of demand for labor have affected the South favorably in that surplus workers have moved out and new factories have moved into the region.

In the context of this very favorable economic growth picture for the South certain problem areas must be delineated. While the region has increased manufacturing activity significantly, the industry mix is weighted heavily toward low-value-added industries. Leading industries in the Southeast are still textiles, food products, forest products, and, in recent years, apparel products. In addition, the tendency is for Southern wages to be lower even in low-wage industries, with obvious effects on income levels. Similarly, Southern agriculture has been characterized by the extensive use of low-cost labor and intensive use of capital equipment and land. As a consequence, productivity per worker has tended to be low as compared with productivity per acre. Earnings have been low while land values have been relatively high. To a considerable degree mechanization would ease this problem and yet until very recently Southern agriculture had not been increasing its capital equipment as rapidly as the non-South.

Levels of education and training of the labor force have also been lower in the South than in the non-South. To some extent the negative effects of this factor in industrialization have been offset by importation of skilled workers and managers and by industrial training programs. Most effective use has not been made of the labor force, however, as is indicated by data on occupational distribution of employed workers. "Not only is there a smaller proportion of professional-technical, clerical-sales, and craftsman-operatives among Southern workers than is the case among non-Southern workers, but also the proportion of household

[7] W. W. Rostow. *The Process of Economic Growth*. New York: Norton (1952), pp. 13-14.

[8] It is recognized that outward migration also has economic disadvantages.

servants and laborers is much higher in the South than elsewhere. "[9] This is especially true of the nonwhite segment of the labor force. In 1950, for example, almost one-half of Negro workers were employed as private household workers and laborers. If the goal of raising Southern per capita incomes to national levels is to be met, the full potential of the labor force must be utilized. Efforts in the direction of raising levels of education and skill need to be intensified, along with measures designed to diversify the industrial structure in the direction of higher-value added activities.

Although data are not as complete as desirable, the indications are that rapid strides have been made in recent years toward diversification and strengthening of the industrial and agricultural segments of the Southern economy. In agriculture, significant changes have occurred in land use, with a decline in cotton acreage, an increase in forage crops and livestock production, output of more specialized crops, higher yields, and rapidly advancing mechanization of agricultural operations."[10]

Illustrative of the change is the acreage devoted to cotton in the South from 43 million in 1929 to between 12 and 13 million acres in 1958. Between 1945 and 1954 the number of tractors increased by 255 per cent in the South as compared with a rise of 94 per cent for the nation.[11] Total net income per farm rose in South Atlantic States from $1522 in 1949 to $2048 in 1956, or by 35 per cent, while for the nation the increase was from $2248 to $2337 or 4 per cent.[12]

Diversification has also occurred in the manufacturing segment of the Southern economy. During the period 1949 to 1958, during a period in which manufacturing employment increased by 18 per cent in the South as compared to 9.1 per cent for the nation, the gains made were most spectacular in the industries not traditional in the region. Wages and salaries in fabricated metal products increased by 161 per cent, in electrical machinery by 343 per cent, and in transportation equipment, except autos, by 440 per cent.[13] At the same time increases in the traditional industries of textiles and food products were modest and there was an actual decline in the lumber and wood products. Similarly the Richmond Federal Reserve District reports increases in employment in durable goods of 27 per cent from 1949 to 1959 as contrasted with an increase of 13 per cent in non-durable goods. The trend away from the highly competitive low-wage industries to the higher-wage durable good industries is apparent. It must be emphasized, however, that the major industries in terms of value added and employment are still textiles, food and products, and lumber and wood, and

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[9] John M. Maclachlan and Joe S. Floyd, Jr. *This Changing South*. Gainesville: University of Florida Press (1956) pp. 89-90.

[10] G. C. Fite, "The Revolution in Southern Agriculture," *Current History* (November 1958) p. 266..

[11] *Statistical Abstract of the U. S.*

[12] *Agricultural Handbook No. 118*, USDA, 1957.

[13] U. S. Department of Commerce (cited by *Business Week*).

that large percentage gains must be measured against the relatively small size of the durable goods industries in the South.

Nonetheless, the data indicate that Southern manufacturing and agricultural activities have been diversified and extended in recent years. This is reflected in overall measures such as contracts for Engineering Construction which rose by 162 per cent in the South between 1949 and 1959 as contrasted to 149 per cent in the nation.[14] Also in the Richmond and Atlanta Federal Reserve Districts department store sales and bank debits to demand deposit accounts increased faster than the national average in the past decade.[15]

Accelerated progress is being made by the South, consequently, in solving the problems of over-specialization in lower-valued economic activities. Growth during the past decade has not only been greater than the national average, but its composition has also been favorable. The productive resources of the region are being utilized more effectively than ever before, although the potential is still far from being realized, the industrial structure continues the potential to be over-concentrated in low-value-added segments, and the labor potential, especially its non-white segment, still needs much development.

At this point, however, it would be desirable to examine the implications of Southern economic development and to measure it against commonly accepted growth concepts. To what extent, for example, is development of the South comparable to growth in under-developed regions of the world? As Professor B. U. Ratchford has pointed out in this connection, "the South is vastly different from most of the under-developed countries of the world.[16] The level of education, the extent of resource development, the social and political framework and developmental attitudes are much more closely related to the high norms of this country than to those of other countries. The problem has simply been and is that of developing the full potential of the region in the direction of national standards.

No tariff barriers, monetary distinctions, differences in legal background, language or basic institutions hinder relationships with the rest of the nation. Mobility of factors of production is comparatively unhindered, which has made it possible for capital and technical know-how to move freely to the South and for surplus workers to move in the direction of job opportunities in other parts of the nation. In the best traditions of the competitive economy such migration has reacted to the economic benefit of the whole nation, with the temporary pains of dislocation given consideration. Perhaps the closest analogy to such a development will be provided by Europe's Common Market, as regional differentials in economic status between nations are reduced as barriers to trade are removed.

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[14] *Engineering News Record* (cited by *Business Week*).
[15] Federal Reserve Board (cited by *Business Week*).
[16] B.U. Ratchford, "Patterns of Economic Development," *Southern Economic Journal* (January 1954) p. 229.

Looking more closely at the process of growth, there appear to be greater similarities between the South's experience and that of other regions experiencing economic improvement. Manufacturing activity proceeded first in industries requiring comparatively little capital investment and modest levels of worker skills. Primary orientation has been toward location of basic raw materials and sources of trainable labor. Agriculture, also using much labor with limited capital requirements, absorbed large proportions of the productive resources. As development has occurred, with rising incomes, improvements in the level of education and training in industrial techniques, new and higher levels of industrial activities have been introduced into the regional economy. In the more recent stages of growth, as has been indicated, the efficiency of agricultural activity has been raised through improvements in technology and land use, and higher value manufacturing activities have been entered into. New types of plants are attracted by both expanded industrial and consumer markets, and they generally require higher level of skills with correspondingly higher wage levels. To a considerable degree, the process of economic change in this case has been accelerated as compared with other economies by the absence of imposing barriers between parts of the country and through capital and technical assistance in the form of branch plants of national companies.

Also, as has been noted, a shift has occurred in the source of income generation, from the primary economic activities of manufacturing and agriculture to the tertiary activities of government, distribution and services. Primary activities now generate less than one-third of the personal income of the South. As Ratchford has stressed, this concept of development proceeding from primary to emphasis on tertiary activities has logical support in that: (1) as incomes rise, the demand for services rises as our more limited desires for tangible goods become more easily met, and (2) our outstanding technological progress has been made in the extracting and processing of physical goods so that resources are released to satisfy other wants.[17] In this sense, then, it may be said that Southern economic development is more typical than unusual.

Another critical question which may be raised at this point is whether, as has been predicted by some observers, the South, in catching up with other parts of the country in industrial activity, will lose its distinctive regional traits. Looking at this question essentially from an economic view-point, will the South face the same adjustments as the North did during comparable periods of growth? Urbanization of the population is progressing at a faster pace in the South than in the non-South, as is the proportion of the population in metropolitan districts. Since 1900, the rates of increase of urban population have been faster

[17] Ratchford, *op. cit*.

for the South, and the proportion of the population living in urban areas has risen from 15.2 per cent in 1900 to 42.9 per cent in 1950.[18]

These data are consistent with the observed facts that agricultural employment has declined significantly and that employment in manufacturing, trade and government, normally performed in urban areas, has been substituted for it. Nonetheless, the pattern of location of industrial plants in the South has not followed the model of concentration, with some exceptions. In general, new plants have been established in smaller towns and cities, drawing on the labor supply in the surrounding areas. Many plant employees in the South commute to jobs from their rural homes rather than setting up residence in town. Developments in power generation, improved highways, and reduced dependence on local raw material sources by modern industry have provided much greater freedom in the placement of plants than formerly. To a much greater extent than in other parts of the country, consequently, cities in the South are trade and governmental centers rather than centers for large numbers of industrial plants.

This trend toward urbanization has led some observers to the conclusion that "the resulting 'strain toward uniformity' with national demographic, economic and cultural norms might well hasten the day when the South, once perhaps the most distinctly 'different' American region, will have become in most such matters virtually indistinguishable from other urban-industrial areas of the nation."[19] On the other hand, the pattern of change is different in the South, in many of its aspects. As has been noted, industry has not generally concentrated to the same degree in large centers, and much of the migration from rural areas is directed toward metropolitan areas in other parts of the country. While the South is moving closer to national norms in incomes, and its demographic trends are becoming more typical, it is difficult for this economic observer to believe that its deeply ingrained mores will change as rapidly in the direction of national patterns. To mention one factor only, the effect of many waves of European immigrants is missing, although it must be admitted that a few Yankees have slipped in!

Turning back to the economic implications of Southern industrialization, the pattern of plant location has other noteworthy aspects. Dispersion of plants has undoubtedly retarded unionization of the South in that most of the basic industries are only moderately organized. Large Southern metropolitan centers like Birmingham, Louisville, Richmond, and Memphis tend to be as strongly organized as comparable size Northern cities but the degree of unionization among industrial workers in smaller communities is relatively very low. Factories located in non-metropolitan areas tend to become simply other institutions in the

[18] Maclachlan and Floyd, *op. cit.*, pp. 24-39. National proportion urban in 1950 was 59.0 per cent (old definition).

[19] Maclachlan and Floyd, *op. cit*., p. 151.

community, reflecting local attitudes. There is much more to the story of unionization in the South, but the pattern of plant location does play an important role.

Dispersion can be considered an advantage from the viewpoint of national defense. To the extent that dispersal is economically desirable, it has security value.

It is not necessary to wax eloquent on the advantages of a balance between agriculture and industry to suggest that location of plants in small towns makes it possible to retain some of the values of the rural economy. To the extent that workers "come to town" to work and live in the country, for example, the impact of temporary periods of unemployment is reduced in that workers can at least occupy themselves around the farm.

In many ways the fact that industrialization has come late to the South has meant the avoidance of some of its greatest handicaps. As William Polk recently has stated, "... the South is being industrialized at a time when industry has attained not only a new efficiency but a new sense of social responsibility, and when city planning is a technique by which cities, instead of degenerating into blighted areas and slums, can grow in convenience, comfort, and beauty as well as size."[20] Greater freedom of location of plants, along with improvements in design and construction, has helped to make the modern manufacturing plant more comfortable, convenient, and with considerably improved aesthetic values. In fact, it is often difficult to tell the difference between a modern factory and a school in external appearance. Also, many of the excesses of nineteenth-century industrialism have been significantly reduced because of government regulation in the area of business activity, to include all sorts of protective labor legislation, and because of the existence of institutions which help to prevent exploitation. To a greater degree than in the past, consequently, it is possible for the South to enjoy the wealth-generating advantages of industry without all of the accompanying disadvantages.

The question which faces us in 1960, in the context of this remarkable record of economic improvement, is whether these favorable trends will continue until the South attains economic equality with the rest of the nation. Will the elements in Southern tradition cited by my eminent colleague, Professor William H. Nicholls, so seriously impede its economic progress that the South will fail to maximize its economic potential? Must the South, facing the choice of the values of agrarianism and industrialism, make a forceful choice of the latter by discarding those agrarian and traditional customs which interfere with progress? Dr. Nicholls cites five principal categories of non-economic impediments to progress: (1) the dominance of agrarian values, (2) the rigidity of the social structure, (3) the

[20] W. T. Polk, *Southern Accent: From Uncle Remus to Oak Ridge*, New York: Morrow (1953), p. 253. Quoted from William H. Nicholls, "Southern Tradition and Regional Economic Progress," *SEJ* (January 1960) p. 197.

undemocratic political structure, (4) the weakness of social responsibility, and (5) the conformity of thought and behavior.[21]

To adequately discuss the closely-reasoned thesis of Professor Nicholls, now published in book form, would take considerably more time than is available here. In addition, its basic theme will undoubtedly be discussed by others at this conference. It is not doubted, however, that there are impediments to economic growth in the South as there are in New England and India and Turkey. The evidence would indicate that they have not been powerful enough to prevent more rapid economic growth in the South than in the nation as a whole, at least for the past few decades. Whether they will grow in strength to the extent that they hinder development of the economic potential of the South is doubtful. The South has moved firmly and enthusiastically in the direction of industrialization, which does not mean, however, that it must accept any particular value-system which is in effect in some older industrial region. Twentieth-century industrialism and urbanism differ from their nineteenth-century models, and the adjustments required vary also. That the South, like any society undergoing rapid change, will have to make difficult choices involving value judgments is beyond question, and it is presumed for this economic analysis that the choices made will be consistent with the goal of raising levels of living to national standards.

What, then, are the prospects for continued economic growth at rates faster than national averages, so that the present gap in per capita incomes narrows further and is finally eliminated? In essence, the prospects appear to be excellent, although it is likely that as the differentials in incomes narrow, it will become difficult to narrow them further. The productive resources are available, the will to progress is present, but further substantial changes are needed in industrial and agricultural structures if the goal is to be reached.

If it is presumed that the 1960's will indeed be the soaring 60's in economic terms, with the national economy experiencing high levels of prosperity, then the stage will be set for Southern expansion. There is no reason to doubt that adequate capital resources will be available, both from national money markets and from growing savings in the region. A recent study by the Federal Reserve Bank of Atlanta emphasizes the substantial growth in the districts' financial resources, but emphasizes also the need to draw on outside sources if growth rates are to continue.[22] Further development of financial institutions is also essential.

The labor force should grow at least as fast as national rates, despite continued migration from the region, because of the population structure. Also, with continued displacement from agriculture and from some existing industries because of rising productivity ratios, adequate supplies of workers should be available to supply the increasing needs for manufacturing and trade activities. Levels of education and training need to be improved, and

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[21] Nicholls, *loc. cit*., p. 191.

[22] Federal Reserve Bank of Atlanta, *Sources of Funds for Capital Investment in the Southeast*, 1960.

emphasis is now being placed on this problem. More attention is being directed in the South to technical and managerial training than ever before, but much remains to be done in this area. Further effort is also needed both in developing skills of the non-white segment of the population and in expanding job opportunities in more productive endeavors.

Research facilities are also expanding in the region, although much of the industrial research is still being accomplished by the national firms which establish branches in the South. The South's universities are moving forward in this connection, with industrial research centers springing up throughout the area.

The key element in raising per capita incomes, however, is the type of agricultural and industrial activities in which resources are employed. Shifts from low-return crops to higher-valued agricultural products like the three P's–pines, peaches, and poultry, or livestock, need to continue. The growing of poultry and livestock has had beneficial effects, for example, in stimulating the establishment of processing plants. Further, diversification in industry away from the traditional low-wage industries and toward more skilled and higher valued activities needs to continue. As Professor Ratchford has stated, "... the area must turn to the more intricate and complex industrial operations which require larger outlays and demand higher skills for the workers. The demand for the products of these industries is usually much more elastic with respect to income and there is room for greater expansion as incomes rise."[23] It must be emphasized, however, that the transition from the traditional Southern industries is bound to be slow and gradual as the result more of expansion than of substitution. The rise in regional incomes and manufacturing activity will very likely stimulate at an increasing tempo the growth of market-oriented industries, as contrasted to labor-oriented industries, which will contribute to diversification. At the same time, with the spread of technical knowledge and market opportunities, industrialization through internal growth rather than through the establishment of branch plants should be stimulated.

In summary, continuation of present trends of more effective utilization of the full potential of resources is the key to continued growth of the Southern economy. An estimate was made three years ago, based on the period 1946-1954, that Southern per capita incomes would reach 78 per cent of the national average by 1965.[24] A later estimate for the Atlanta Federal Reserve District based on past trends is that the district's income will be 77.4 per cent of the national average by 1970.[25] At this rate, perhaps the South can begin the 21st Century on an economic par with the rest of the nation.

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[23] Ratchford, *op. cit*., pp. 221-222.

[24] John L. Fulmer, "Southern Economic Development, 1955-1965: A Look Ahead," *SEJ* (April 1957) pp. 412-413.

[25] Charles T. Taylor, "Income in the South: The Last Ten Years and the Next Ten," *Monthly Review*, FRB of Atlanta (February 1960).

INDUSTRIALIZATION AND INTEGRATION

Hodding Carter, III

Since other speakers have skirted around my topic, I see that it is now up to me to break the ice and plunge in. One good thing about coming toward the end of the conference is that I'm able to rely heavily on the figures given by other speakers to back up my conclusions. As you will soon see, this talk is primarily a long string of conclusions, with little, if any, substantial evidence.

Thus, in those cases that previous speakers have provided a base upon which this talk can be presented, I hope that you will recollect every word they said. And when we seem to clash, I hope your memory is temporarily blighted. Despite arguments to the contrary, I feel it is always helpful to the listener, or the reader, to be able to place the man addressing him in some kind of perspective. No matter how objective we may try or pretend to be, we are obviously influenced by our environment and background.

Thus, for your information and to help you temper whatever reaction the next forty minutes may bring, I think you should know the following: I am a native Southerner, a graduate of this university, and at present am a working journalist on a family newspaper in a small Mississippi town. Our community has, we have been assuring ourselves, a population of 50,000, of whom 40 per cent are Negroes. We are as eager as most and more eager than some to attract outside industry to our corporate limits.

Incidentally, we have been fairly successful as an industry-hunting city. A major carpet manufacturer, an automotive parts plant, and a precision tool concern have all located within our city of Greenville in recent years. Their coming has meant many changes in what was once primarily a retail trading center for a vast plantation belt in the Yazoo-Mississippi Delta, but many of the old ways and the old customs remain. Segregation In particular is as yet unchallenged on any level.

Now, having told you this much, I believe that I can honestly state that what I have to say in the next few minutes will be the words not of a special pleader or a spokesman for one side or the other, but of a fairly impartial observer. That, after all, is essentially all that any newspaperman is supposed to attempt, and that is all I intend to be.

Before we go any further, however, it might be wise to define a few terms. This topic is, obviously, an extremely broad one. Its title, "Industrialization and Integration", could lend itself more readily to four hours than to forty minutes. I hope that you will allow me to delineate sharply the area to be treated.

First, the key term is integration. In this talk I will not use it to mean social integration, which in any society, no matter how fluid, is a matter of individual choice, and which in the South, as in most parts of our nation, is so unlikely on any wholesale basis in the foreseeable future it is virtually useless to consider. By integration, I will mean the economic, political and educational absorption of the Negro into the White mainstream. To break it down further, and to use a more realistic term, integration in this talk will be taken to have the same meaning as desegregation–the removal of legal or other barriers to racial intermingling.

Also, from here on we will speak of the South, but we will mean the Deep South. This will exclude those states in which industrialization and urbanization had already proceeded apace before the Supreme Court's desegregation decision of 1954, the critical point of demarcation in any contemporary analysis of this topic. The states we will exclude are also states which have already begun to face and attempt to solve many of the racial questions as yet virtually unraised in public dialogue in the Deep South.

For one reason or another, then, and despite the political and politico-racial maneuverings in many of these states in recent years, we will omit Florida, Texas, Virginia, North Carolina, Kentucky and Tennessee from consideration in this talk. Despite emotional and historic attachments to the concept of the "Solid South", particularly on the part of many Virginians, each of these states contains far too many population and industrial pockets which defy the Southern label to be considered in the same context as the Deep South.

In omitting them, I am not saying that very real racial problems no longer exist within their borders, or that they do not have their share of the implacable defenders of the status quo. Nor am I attempting to say that industrialization has reached some sort of zenith within these states. I am merely admitting that for economic, historical and geographical reasons, these states have undergone in recent years much of the economic and political awakening now stirring in the Deep South. What states are left for this study–what is the Deep South?

Arkansas will be included primarily because of the political accident which produced an Orville Faubus at a critical moment. But even with no Governor Faubus, the extreme economic poverty of that state, and the population complexion of its eastern plantation country, make it like enough to the other Deep Southern states to fit the general mold. The others are the states of the Black Belt, that mythical–and not so mythical–region where cotton or tobacco is a fading but still very real king, where the Negro makes up a large proportion of the population, and where industrialization has come late, where it has come at all.

These are the states in which we will look for the correlation, or lack of it, between industrialization and integration. Having come this far, it would be best to alert you to the general thesis of most of this talk. It is my belief, despite the teachings of several generations of economists, sociologists, and historians to the contrary, that industrialization per se has had

little immediate effect upon integration–or desegregation–and will not in the near future have any such effect.

As for the long range view, a perspective which few in the embattled South on either side of the racial fence are willing to admit exists, I believe that other forces outside the scope of this talk will have as much to do with whatever changes are effected as will industrialization, although as will be noted later industrialization will definitely play its part.

But to return to my major contention–that industrialization in itself offers no promise, or threat, depending on your position, of integration in the South in the near future. The following words were written last month by two diametrically opposed Southerners on this subject. Here is a portion of what the first one had to say: "With an unblushingly rebel yell we say the South will do as much to industry as industry to the South. We say the last words on labor, race, economics, religion, art and education have not been written and these states will write more than their share."

The writer was John Temple Graves, a Princeton graduate of the class of 1915 and a syndicated columnist for a number of papers, mostly Southern, who makes his home. in Birmingham and who is a conservative by any standard. The subject of this particular article was this conference, and Mr. Graves was taking exception to the theme as expressed in the preliminary brochure and voicing his own opinion that in the South industrialization would produce a far different breed than it had in the rest of the nation.

The second quotation is from an article in the *Reporter* magazine of March 31: "Economic progress is certainly no panacea. It has, apparently, been a mistake to anticipate, as many once did, that urban-industrial growth would be the source of all political virtue in the New South."

The author of the essay from which this was extracted was Douglas Cater, Washington editor of the *Reporter*, an Alabaman by birth and a liberal of long standing. The general theme of his article was that the shore of a new South was even more dimly seen today than when Ellis Arnall, former liberal governor of Georgia in the mid-1940's wrote his book, *The Shore Dimly Seen*, heralding a new, industrialized South in which all the old forms would be swept away by general prosperity.

What both Cater and Graves were saying–for different reasons, certainly, in different contexts, and with vastly different conclusions–was that the old premises about the effect that industrialization would have on integration and life in general in the South have been thus far proved invalid.

In short, what is so often referred to as "topic A" in the South–the race question–is no less the major concern of all thoughtful, and not so thoughtful, Southerners today than it was a quarter of a century ago. Or to put it another way, what industrialization we have thus far experienced has had little or no positive correlation to segregation or integration.

In verifying this statement, I could merely point to the obvious facts in the case and let it go at that. Integration in any field is virtually or actually non-existent in Mississippi, Alabama, and South Carolina. It is but a figment of tokenism in Georgia, Louisiana and Arkansas. But we need not stop at the obvious.

There are two groups most immediately involved in the conversion to an industrially based society in the South. They are, obviously enough, the industrialists and the workers. But with a few rare exceptions, within neither group is there at present the leadership or the desire for a change in the South's segregated society.

Let us consider the typical industrialist first. The South by and large does not create its own industries. It imports them. So the men manning the higher management levels in the new plants are often not Southern-born, but are instead products of the West, the East, or the Midwest and by background are hardly in sympathy with the more extreme positions of the White Southerner.

But the upper reaches of management quickly recognize, if they do not already know it, that one sure way not to get along in a Southern community is to advocate radicalism of any sort, fancied or real. Northern businessmen, expatriates in a new land, are usually very explicitly silent on the subject of segregation, or very explicitly vocal in its defense. As one corporation president told a Chamber of Commerce industry-hunting team from my hometown, "Don't worry about one thing. We're not coming down there to upset the applecart." They came, and they didn't.

Protective coloration is acquired very quickly by most of these. newcomers to our region, so that with the exception of the accent it soon is difficult to distinguish the Southerner from the Northerner in any casual conversation on our "topic A."

It is simply wishful thinking on the part of the professional equalitarians to maintain that industry won't move where segregation is strictly observed. The only truth is that industry will not move into any community where social and political conditions are unstable, whatever the reason. To illustrate, while it is very true and often repeated that Little Rock didn't gain a single industry during its two years of protracted school crisis, the other, relatively untroubled urban centers of the South were experiencing an unending boom–in new plant construction, in retail sales, in every possible index of economic prosperity.

Businessmen and industrialists have never, or rarely, been conscious social revolutionaries. It is in accord with neither their function nor their temperament. In the South, they have found they can exist profitably in a segregated society, and there has been no compulsion for them to change it where encountered. Indeed, to my own knowledge, it is the new industries which practice the strictest kind of racial hiring and job-assignment policies. For example: in a small town 40 miles North of my home town, a Midwestern chemical laboratory opened a fair-sized plant with a white-only employment policy.

In Greenville, where I live, a large industry moved in with the announced intention of hiring a sizeable percentage of Negro labor. Negro votes were solicited for the bond issue–under our Balance Industry with Agriculture program–on that basis. Today, Negroes are hired chiefly as janitors and handymen in that plant. A clothing plant moved into another Delta city with an announced quota system–exactly ten per cent of all men hired would be Negroes.

So it goes. It is, strangely enough, only the old established industries in my region which hire Negroes to any extent–although the prevailing wage scale in those industries is one compelling reason for doing so.

What then of the workers? To understand their reaction, you might first remember that competition for the means of a sub-marginal existence has long been at the root of most of the South's racial conflict. The black man was often a weapon in the hands of the Bourbon White to keep the poor White impotent, and the Negro was bitterly hated for his unwitting part in the class conflict.

This old undying hatred carries over into the factories, which are manned, for the most part, by the uprooted White agricultural worker or farmer, fresh off his small patch of eroded soil. The White worker sees the Negro as his economic adversary no less in the factory than in the old agrarian system, and he is vociferous in his demands that the Negro be "kept in his place." It is usually at the expressed, or implicit, demands of the White worker that quota systems are imposed in the hiring of Negroes, and that the Negro is given only the most menial jobs.

The bitter rivalry carries over because mechanization of the farms is creating a labor surplus far faster than the slower moving industrialization of the South can accommodate it. Competition for every job is therefore keener, and resistance to Negro equality, or job parity, all the stronger.

Now to note, in passing, one or two examples of the White workers' stand on the race issue: His labor unions, when he has them, are still largely Jim Crow segregated, despite the national policy of the AFL-CIO. He makes up the hard core of the resurgent Ku Klux Klan in the larger industrial cities.

When the mob formed at the University of Alabama in Tuscaloosa several years ago to keep a Negro woman from entering the university, it was made up chiefly of mill workers from the community. When a private school was formed at Front Royal, Virginia, after integration was ordered in the public school, it was a labor union local which carried most of the financial burden. And in my own home town, the first cross burning in 40 years occurred recently because a local barge builder made it a practice to hire Negro as well as White welders.

Thus, it seems to me that for the short term at least, the two population elements most directly involved in the industrialization process do not offer much in the way of leadership for a drastic change in the racial status quo, nor will they for some time.

There are still other factors which industrialization produces, or fails to produce, which work for the continuation, rather than the dissolution, of segregation in the South.

First, the rapid urbanization of the South produces the same housing pattern that it did in the North. The Negroes shuttle off the farms, from which they've been driven by the tractor and the mechanical picker, into the cities, where they are forced to settle in the black ghettos. These segregated housing areas in turn facilitate the continuation of other forms of segregation–school, recreational and economic. Racial gerrymandering is one Northern expedient the South has not been slow to accept.

Second, in a time of great change the old ways are more tightly grasped wherever it is possible because they represent the only contact with the known, comfortable past. For many Southerners, segregation is not merely a way of life handed down from generation to generation. It is their deepest and most basic creed. All else altered, they will hang on to it to the bitter end.

Third, and last, industrialization has not yet shown, and I doubt that in the short term it will show that it will displace the existing political order. And as long as the present political order exists, integration of any kind will be resisted at every turn in the South.

As Mr. Cater pointed out in his very perceptive article in the *Reporter*, the urban centers of the Southern states do not control either their own or their states' political or economic destinies. Legislatures and congressmen representing an electorate who have only a passing interest or involvement in the problems of the cities owe them no allegiance. Nowhere is this better illustrated than in Atlanta, which is, as Mr. Cater notes, an extremely cosmopolitan city whose racial attitudes are not entirely those of the rest of Georgia. But Atlanta is politically impotent despite its size and wealth, for the Georgia legislature still represents the rural counties rather than the urban communities. The same is true in other Southern states as well. Rural domination of the political machinery is the rule, not the exception, and the rural areas are built on reaction.

So, while industrialization may build ever greater manufacturing centers in the South, it will not necessarily also build a corresponding political realignment. New attitudes, new concepts on how to handle the segregation question will not be reflected in the dominant political hierarchy for some time to come.

These have been my reasons for believing that industrialization will provide no short order panacea, no straight and narrow road to a breakdown in the South's traditional pattern of segregation. As noted, neither the industrialist nor the worker would support it, and many

of industrialization's effects, or lack of them, will leave the mold virtually unchanged for some years to come,

It is at this point that most conservative Southerners would have us leave the matter–with a South, as John Temple Graves put it in his column, accepting industry "in new terms," which essentially means accepting it on the old Southern terms.

But unlike Mr. Graves and some others, I find it difficult, indeed impossible to say that our present system will continue for ever and ever. With Governor Collins, I believe that it is built on too many foundations which industrialization will ultimately destroy. Poverty is one of them, inferior education is another, narrow provincialism on the part of the great mass of black and White yet another. And no society has ever completely altered its economic base without eventually altering its other foundations as well. The following are some random thoughts on just what these alterations will be:

First, and most obvious, industrialization will bring more money into each Southern state. It is already doing so. This will not be merely private affluence, but will be reflected in the treasury of the state governments as tax revenues swell. This in turn will allow the states to provide better education for all, black and White alike, within the segregation pattern. And with better education will come better qualified citizens, White and Negroes eligible for, and just as important, interested in the vote. A fifth, sixth, or seventh grade education, and of the poorest sort, does not produce a thinking citizenry.

Of course, to be qualified to vote, and to want to vote, is one thing, and to be able to vote is another. But the Federal Government is apparently going to make sure that all citizens are given the opportunity. And the new voters are going to be less likely to accept the old voices and the old ideas.

When the right to the ballot is won, and when it is used intelligently, the Negro will then have the lever to pry out other concessions as well. But he must first be educated and willing to use this basic tool of citizenship, and in this industrialization will be a moving force. The old plantation system didn't demand or produce an educated worker. The new industrial system does.

Second, industrialization will, as mentioned before, bring ever more Negroes out of the small towns and countryside and into the cities as industrial workers. As such, they and the other Negro beneficiaries of an improved economy will be far less susceptible to economic pressure, and economically far better able to stand up and make demands for first-class citizenship which, in most of the South today, they cannot safely do.

We need not stop here, however, in considering this exodus from farm to city. There is a further step in the process. As the Negro is displaced from the farms, he moves to the Southern city, only to find that there are not enough jobs to go around. He then moves on to the great urban centers of the East, the Midwest and the West.

This is the great paradox of the industrial revolution which is upon the South, and it will continue to be in effect for a long time to come. At the moment of our greatest prosperity, and at a time when the economic future is the brightest, two of our states, including my own, have been steadily losing population and the others gaining but slightly. The effects of mechanization on the farm have thus far kept far ahead of the effects of the industrialization of the cities.

But in losing Negroes who move elsewhere to seek jobs, the South is also losing one of the major factors working for the retention of the status quo. For the pressure of Negro numbers in the South is a very real pressure, and it contributes in great measure to the area's racial mores. When this pressure is relieved, and this is happening steadily, resistance to change in the segregationist framework will weaken. Nothing is more convincing to many whites in the South today than the argument that the Negroes, if allowed, would vote in a block and take over political, and therefore, they believe, economic and social control. Reconstruction is almost 90 years dead, but its specter is repeatedly conjured up to weld White conformity in resistance to any change in the Negro's status. It is a specter which can be laid to rest only when the proportion of Negro to White in the South approaches the national average.

The population exodus will have another happy result, I believe. At this moment in the South we have a labor surplus. We suffer from chronic unemployment in many areas, including my own. As mentioned before, industry isn't moving in as fast as people of both races are deserting the land for the towns. But if the trend toward industrialization continues on the one hand, and the trend toward a declining or relatively static population continues on the other, the time should come when we will have a labor scarcity, or at least a tight labor market.

Then it will no longer be so much a case of hiring Negroes, and not hiring whites, or hiring whites and not hiring Negroes. It will be a simple matter of the boss saying, in effect, "I need ten workers. I can only find six White men for the job. Will you accept four Negroes as co-workers, or will you see me go out of business and you do without work?" I think the answer the White will give is obvious.

Another consideration is very important. Presently, the Southern states lose a high proportion of their college-educated youth. The percentage ranges from 75 per cent in Mississippi down. The young men and women who do graduate from college and remain in the South are often those with a definite stake in the status quo. The others, many of whom would be receptive to change, go elsewhere.

But as industrialization continues, and as more jobs are opened to the college graduate which adequately rewards his training and ability, the picture should change. And from the college-educated men and women should eventually come pressure for changes undreamed of by those currently in control in the South.

Finally, and in this I agree with the theorists who for so long maintained that industrialization would inevitably bring change, the industrialization of the South is bound to open what has long been a closed society, and expose it to the bracing air of change. Even now, and this is of great concern to those dedicated to what is loosely termed "our way of life," the average white, and increasingly the average Negro, is coming into contact with ideas and people who do not reflect his region's traditional beliefs.

More money in the pocket means more money to spend on such items as television sets, on subscriptions to mass circulation national news-magazines. And from contact with the ideas, good or bad, expressed in the mass media, the average Southerner is and will be forced to re-examine his own. All the forces which tend to make of America a homogeneous whole–and I am not sure this is a good thing–will come into play. It is easy to hold on to beliefs when you think they are universally accepted. It is far more difficult to do so when you learn they are not.

The Southern conservative, embodied in Mr. Graves, is determined that this blending process shall not occur in the South. But how does a region unconsciously accept some parts of a national culture and reject others? An answer to that question was proposed by a Mississippi legislator not too many years ago. This man, who is a powerful figure in our State House of Representatives, suggested that an electronic curtain be erected around the borders of the state to shield our citizens from the subversive influence of national television. The House came close to going along with him.

But there are, of course, no curtains which can be permanently hung which will do the job the bitter-enders would like. For good or bad, industrialization in the South will work to eliminate those regional characteristics which distinguish it from the rest of the nation. And high on the list of distinguishing characteristics in the South is enforced racial inequality.

What will be gradually realized is economic rather than social equality for Negro and poor White alike, on a par with the rest of the nation. This industrialization does most certainly hold as a promise. From economic equality should come all the rest, for in a society which is heavily committed to the proposition that money is the root of all virtue, it is only the poor man who cannot partake of its rights and privileges.

THE SOUTH'S ECONOMIC PROSPECT

Walter Prescott Webb

The subject of my discussion is the South's economic prospect. The substance of this report has been presented to other audiences, but this is the first time I have tried it outside the region to which it pertains. And I am glad of an opportunity to say in the wealthiest region what I have to say about the one often pointed out as the poorest and most backward. If I speak sympathetically, or even with a tinge of emotion, it is because the South is my region. Both of my parents came from Mississippi, left it at a time when there seemed no hope there for young people. Though my whole life has been spent in Texas, which is partly western, I have never gotten away from the Southern influence.

I am here because, through the study of regional history, I think I have perceived a truth of tomorrow about the South. The story I am going to tell differs from much that is said and written about the South. My story is one of cheerfulness, of optimism, and of hope, a story calculated to lift the spirit, turn the eyes of the Southerners from a grim past where they have too long lingered to a possible future so bright as to be to some all but unbelievable. I take it that everyone here is interested in the South, or you would not be here. You are important to the future of the region because you are in position to instruct those, within the region and without, who will mature and take over during the time when the South will be moving into its new age.

History, in dealing with the past, has had to tell about the South a story of misfortune, of calamity, of disaster, of catastrophe. Those who read history are likely to be so mentally conditioned that they take a somber view of not only the past, but also of the future. This is especially true of those who believe erroneously that history repeats itself. If I thought that the history of the South from 1960 to 2030 would repeat the history of the South from 1860 to 1930, I would advise every young person in the land, and all the older ones who could, to get away–as soon as possible. But as things stand now, as I see the South for the next seventy years, I would not advise any young person to leave it because it is possible, and it may be probable, that this next century will belong to the South. The reasons for this belief constitute the main body of this address.

If you are to catch a vision of what I think the South is destined to be, I doubt that you should read too much of the sort of history that is being written about it. The story is so unpleasant that you are likely to be convinced that nothing good can come out of such a land. As an example, I quote the first paragraph of Kenneth Stampp's recent book (1956), *The Peculiar Institution*:

> To understand the South is to feel the pathos in its history. This aura of pathos is more than a delusion of historians, more than a vague sensation one gets when looking down an avenue of somber, moss-draped live oaks leading to stately ruins or to nothing at all. For Southerners live in the shadow of a real tragedy; they know, better than most other Americans, that little ironies fill the history of mankind and that large disasters from time to time unexpectedly help to shape its course.

Almost half of the words and phrases in this introductory paragraph sound like the tolling of a funeral bell: "pathos in its history," "aura of pathos is more than a delusion of historians," "somber moss-draped live oaks leading to stately ruins or to nothing at all," "For Southerners live in the shadow of real tragedy," "large disasters."

More realistic than this historian is W. J. Cash in his *Mind of the South*. This classic is completely lacking in the sense of tragedy which permeates so much that is being written. Cash explains the South, analyzes it, but does not deal with the future. At the end he sums up the vices and the virtues of the Southerner, saying that he still has both in considerable degree.

> In the coming days...it [the South] is likely to have to prove its capacity for adjustment far beyond what has been true in the past. And in that time I shall hope, as its loyal son, that its virtues will tower over and conquer its faults.... But of the future I shall make no definite prophecies. It would be a brave man who would venture them in any case. It would be a madman who would venture them in the face of the forces sweeping over the world in the fateful year of 1940.

Still he may have felt the tragedy. He finished the book, wrote that last sentence in 1940, made the commencement address at the University of Texas in June of 1941, and on July 2, committed suicide in Mexico.

I agree with Cash that "in the coming days...it [the South] is likely to have to prove its capacity for adjustment beyond what has been true in the past." I am not sure that much of the history written about it will be any help, but in some cases a hindrance emphasizing the bad features instead of the good ones. In this sense the South's history gets in the way of its progress. It makes the adjustment that Cash envisions even more difficult.

Despite what I have just said about the South's history getting in the way of its progress, I must now appeal to it, summarize briefly the South's story for the first seventy years following the Civil War. I do this because I want to contrast this seventy years of disaster, injustice and degradation with the following seventy years, 1930 to the year 2000, which can be, and to some extent have already been, years of amazing prosperity.

Since about 1840 the South has been nourishing a negative attitude, spending much of its energy in seeing that something was not done. It has not spent enough time studying what could be done, what might be done to the benefit of the region. The Southerner has fought viciously, offensively, in order to defend himself against change. That is what the South did in the Civil War and it is what some areas of the South are doing today. The game has been a losing one from beginning to end.

The South has, since 1865, looked back nostalgically to what it considered the good days, the days of dominance and glory. It has nursed its resentment of what happened following the Civil War when the South was exploited with a cruelty and relentlessness unparalleled even in modern times. That cruelty and exploitation left a bitterness which has not yet passed away. Unfortunately, the memory of it, the history if you please, keeps the Southerner's eyes too much on the past.

As a result of the Civil War and what followed, the South did not, it could not keep pace with the economic development of the nation. Poverty became almost the common lot, and that poverty showed its ugly head in all the affairs of men, in bad health, inadequate education, in soil depletion and human deterioration. No wonder the South looked back on a better time, took a negative attitude towards what was happening, when everything happening was detrimental to it. No wonder it romanticized the past and built an unreal halo around the idealized life of an older age. The South was the sick man of the nation, the sick region, and its dreams were largely induced by the fever of poverty. Its sensitivity was that of the proud and poor. This is a dark picture, but no darker than the reality.

I think it could be shown that from 1870 to 1930 the South's condition became progressively worse. By this I mean that it dropped further and further behind the North and the West in wealth, in welfare, in education and in health. It dropped so far behind that the South became a national problem. It had created a crisis.

Now the demands of a crisis are often met by revolution or during revolution. The election of 1932 marked the beginning of a revolution induced by a national crisis of which the South was a part. The national economy had collapsed in 1929 and the revolution that was inaugurated in 1932 was designed to rebuild it on different principles.

It was in the midst of this revolution that a group of Southerners were called to Washington by the National Emergency Council and asked to draw up a report on the condition of the South, and to make recommendations for doing something about it.

The President addressed a letter to this group in which he stated that the South was the Economic Problem No. 1 of the nation. In part he said:

> No purpose is closer to my heart at this moment than that which caused me to call you to Washington. That purpose is to obtain a statement...of the economic

conditions of the South, a picture of the South in relation to the rest of the country, in order that we may do something about it....

My intimate interest in all that concerns the South is, I believe, known to all of you; but this interest is far more than a sentimental attachment born of a considerable residence in your section and of close personal friendship for so many of your people. It proceeds even more from my feeling of responsibility toward the whole Nation. It is my conviction that the South presents right now the Nation's No. 1 economic problem–the Nation's problem, not merely the South's. For we have an economic unbalance in the Nation as a whole, due to this very condition of the South.

It is an unbalance that must be righted, for the sake of the South and of the Nation.

In due time the committee issued "The Report on Economic Conditions of the South", including Mr. Roosevelt's bold and undiplomatic statement.

I am convinced that this report marked the turning point in the history of the South. Until that time it had been going downhill all the way; since that time it has been going up, improving its position in reference to the North and West, and in reference to the whole nation. In some cases its progress has been spectacular. Let me illustrate.

Of each $100 in demand bank deposits in 1930, the North had $78, the South $11 and the West $11. Twenty years later the North's part had dropped from $78 to $60; the South's share had almost doubled, from $11 to $20; and the West's share had increased from $11 to $20. In that twenty years, 1930-1950, the individual income in each section had increased. The Northern individual income increased 119 per cent; the Westerner's increased 148 per cent; but the Southerner's increased 225 per cent. In 1930 the South paid in individual income tax less than $6 out of each hundred, but in 1950 the South paid nearly three times as much, or $16.

I would have little confidence in this marvelous progress the South is making if it were based on political action in Washington. I would agree that what was done in Washington marks an important step in putting the South on its way to helping itself. Though I have not compiled the figures to show what had happened since 1950, I see evidence everywhere that the progress is continuing. I believe that the improvement has only just begun.

What the South needs today more than any other one thing is for its people to catch a vision–not of a glorious past, but of a far greater future. The people need to be informed, made to see that the South today is the most thriving of the three regions. It is not the richest by far, but its wealth and its general welfare are increasing more rapidly than that of any other region, and that is what I mean by most thriving.

What I would do, if I could, is this. I would convince the Southern people that their future is brighter than it has ever been in history; I would so inspire them that they would get so busy realizing on the opportunities ahead that they would forget the misfortune and injustice of the past, drown their bitterness in success, and revenge the past by becoming the prosperous region of the nation tomorrow.

These words may be falling on skeptical ears. We have been so accustomed to thinking the South must play third fiddle that we have difficulty seeing it in a leading role. We would like to believe that the South really has a bright future, but we want something more than belief; we want the evidence.

All right. I'll give you the evidence on which I have based my statements. I'll talk in terms of wealth and the resources from which it is derived. Let us look at the South, not as the enormous area it is, but as a piece of real estate which we figuring on buying. This is to make it manageable in our minds. What are its potentials, its natural advantages? What are the assets? They are indeed many.

1. The South is the only region in the United States that fronts the sea on two sides. From Virginia to Key West it looks east to Europe across the Atlantic; from Key West to Brownsville, it looks South to Latin America. The South's shoreline along the Atlantic is 1099 miles; along the Gulf it is 1659 miles. It has a total shoreline of 2758 miles. It has nearly four times the shoreline of the North, more than twice that of the Pacific coast, and nearly 600 miles more sea coast than the North and West combined. If there is a potential fortune in the sea, then the South has the easiest access to more than half of it.

2. It has one-third of the good farm land of the nation, and this land is now being made better by the year.

3. It has two-thirds of all the land with 40 inches of rainfall or more, an asset too great to be measured.

4. It has a long growing season which gives it an advantage in the production of food and fiber, of livestock and feed. Because of these things, the South is the richest region in renewable resources. It was once a great natural forest. It is again becoming a great forest.

5. It has in the interior the greatest supply of fresh water, if we exclude the Great Lakes.

6. In minerals it produces 45 per cent of the oil, nearly all of the sulphur, and it has enormous deposits of coal and iron which have hardly been touched.

Now I want to ask this question. Would you consider the purchase of a piece of real estate that had all these natural advantages, all of this potential wealth? Would you buy it at inventory prices on a depressed market? In short, would you buy the South this morning as it stands?

* Shore line of the three sections: The North = 789 miles. The South: Atlantic = 1099, Gulf = 1659. Pacific = 1293. Total = 4840.

Bear in mind that I have not touched on the industrial potential, which is in some ways more exciting than the natural resources. We say the South is industrializing, and the evidence is before us on all sides. The mills and shops and factories are growing up along that 2700 mile shoreline from Virginia to Florida, and from Florida west on the great Gulf Coast crescent. These plants are probing inland by way of the many rivers. On salt water and on fresh water the South is having its greatest boom. Had you made a night flight over the South forty years ago, you would have looked down after 11 o'clock on a dark and somber land such as the writers like to dwell on; but if you fly over it tonight, you will see spangles of light marking the growing cities, and necklaces of light outlining the Mississippi and other streams where the factories and mills are humming. On the Gulf Coast of Texas from Corpus Christi to Beaumont for many miles the countryside is illuminated as though for a gigantic Christmas celebration.

This transformation has to have a cause other than that furnished by politics. That transformation is due to a silent revolution that has occurred, an economic and technological revolution of which the South is the accidental beneficiary. It is this silent and unpremeditated revolution which almost inevitably makes the South's economic future not bright, but brilliant.

The most spectacular change favorable to the South is due to a shift in the materials used in manufacture. The basis of the first industrial phase covering the period from 1865 to about 1930 was steel. The center of the steel industry was and is around Pittsburgh, but the significant thing is that the steel industry did not develop there because of the presence of iron ore alone. It developed there because of a combination of three essentials, all of which were present in that area. The three essentials were iron ore, coal and coke, and limestone. It is almost an axiom that manufacturing never develops to any extent around one resource, but out of a combination of resources, in this case the trilogy of iron ore, coal and coke, and limestone. This trilogy ushered in the age of steel, and did much to give the North its early dominance in the American economy.

Due to a technological revolution the South now finds itself in possession of such a trilogy of resources. I refer to the petrochemical industry which has already made great headway along the Gulf Coast. This new trilogy is oil and gas, sulphur, and fresh water. The South, including Texas, produces 45 per cent of the oil, nearly 100 per cent of the sulphur, and it has unlimited and almost untouched quantities of fresh water. The petrochemical industry is still in its infancy, and its future is so great that the imagination cannot encompass it at this time. The Chemical Manufacturing Association recently announced that the chemical industry is making its largest investments in Texas. In the Sabine-Neches area this investment amounted to $154.6 million in 1956. It was estimated that the investment would rise to $485.3 million in the following two years. It is projected that the demand for these

chemicals, including synthetic rubber, will rise by 1975 in the area examined to 3.25 times what it was in 1955. This is a 325 per cent increase in twenty years for this area.

While the petrochemical industry affords a spectacular example of an industrial shift to the South, it is by no means the only one. The change that has come about I will illustrate with a story told me by Deacon Jones, Negro friend of mine in Austin. Deacon Jones is a caterer who has built up a fine business by providing food for picnics and other parties. I took him out to my place one time and drew him into telling me the story behind his success. As Damon Runyon would say, Deacon says to me like this: A long time ago, he says, I ran a dray, and I hauled things for people. And I got to stealing. I didn't exactly steal myself, but I hauled the stuff for the men who were stealing from a big wholesale grocer, and I charged double for it, and I did pretty good.

But, he says, it got to bothering me. I couldn't sleep, and I got to dreaming that the law caught me, and every time I saw the law I was scared. I decided to quit, and I told the men doing the stealing and they got mad at me. But I quit. Things were awfully hard for two or three years. I almost starved to death, but I could sleep. The Lord, he was testing me then to see if I meant it. And finally I began to do all right, things got better. You see, Mr. Webb, if you do right, and keep on doing it, the Lord will finally come over to your side.

As I see it, the Lord or fate, with some assistance from time and technology has really at last come over on the side of the South. Let me illustrate this by looking at the obstacles in the way of the South, and noting how they have, one by one, been removed until now the South really stands in a most favored position.

1. It used to be said, for example, that the South could not industrialize because it lacked fuel. Then came oil, of which the South has about 50 per cent in the nation.

2. It used to be said that the South was handicapped by its hot and humid climate. Then came air conditioning which is now almost universal.

3. It used to be said that the South could not grow beef cattle because there was not enough grass and too many ticks and flies. Then came the bulldozers to clear the land for grass, and improved insecticides to kill the flies and ticks. The South is today rivaling the West in the production of fine cattle.

4. It used to be said that the South's soil was depleted. Then came scientific agriculture, soil-building practices and the chemical production of fertilizers to repair the destruction.

5. It used to be said that the South could not compete with the Middle West in the production of pork and bacon and hams because it lacked corn. Then came milo maize, which is now grown in by thousands of tons, and it is just as good pig feed as corn. The Southwest, where the maize is grown, can divide the hog market with Iowa.

6. Prior to the Civil War the South's network of rivers was a great economic asset because the rivers were used as transport routes for commerce, Then the railroads came and took away

the importance of the rivers. But now modern industry requires enormous quantities of fresh water, and of this the South has the greatest unused supply. Big industry is covering the waterfront and moving inland along the river channels. The West cannot rival the South in heavy industry because of the lack of water. The North has water, but is already saturated with industry. Industry is coming South because there is really no other place to go.

7. Finally, it used to be said that the South had no money, and that was the God's own truth. Today the South is developing capital centers at Richmond, Atlanta, New Orleans, Dallas and Houston. In the last bank statement Dallas and Houston showed assets of more than $2 billion each. The South can now develop its own resources. It no longer has to go North to obtain capital in moderate amounts. It is today exporting capital to finance ventures in other parts and in other nations. I could cite many examples.

The South of today is not the South of yesterday. Let us visualize it in the last half of the nineteenth century, a tragic figure with many handicaps and afflictions. But if we view it today, we see it stripped of these handicaps, standing sound and well on the threshold of a new era.

I wish to reinforce my appraisal with that of a successful Southern businessman, Arthur W. Wiebel, President of the Tennessee Coal and Iron Division of the United States Steel Corporation. His home and his company are at Birmingham, Alabama, where he gave an address to the National Society of Professional Engineers on February 20, 1959. The title of his address is "Face to Face with Tomorrow." After making references to the bad reports one hears about the South, Mr. Wiebel said:

> Critical reports about the South have obscured...a much bigger story; and certainly that the South is going to live down its present rash of bad publicity; and ultimately the more important–the story of tremendous advancement–will be the big news.... There is a revolution going on in the South, but it has nothing to do with courts or Congress, laws or legislatures. The revolution of which I speak is economic in its nature.... This region today is fast moving out of the agrarian blind alley in which it has been trapped for so long...toward that position of economic leadership to which its geography, its climate and its natural resources entitle it....
>
> Where the South really shines is in its geology....we produce one-half of America's minerals. The South has 48 per cent of the nation's clay, 53 per cent of the coal, 65 per cent of the petroleum, 76 per cent of the natural gas...and 100 per cent of the bauxite and naturally occurring sulphur. [You will note that his figures are higher than mine.]
>
> With the greatest average rainfall, we are better fixed for water than any other region, for industrial usage...for electric power plants... for transportation.... The

> South has 40 per cent of the nation's forest area.... Trees are grown as crops in the South today, just as cotton has been grown for so many years.

After Mr. Wiebel had completed his inventory of the South's assets, he made the following observation as to the future:

> And that, my friends, is the story that has not made the headlines. If events of a more emotional flavor push it from the front pages today, you may be sure that the historians of a later time will give it the recognition it deserves. Whatever dissensions and disharmonies may beset us from time to time, the course toward the future is set; and nothing can check our progress toward a better day. The busy humming of our factories and the ringing of our cash registers are going to overwhelm the clamor of hysterical debate.

If all these facts that I have set forth, so amply corroborated by Mr. Wiebel, are true, then in the words of William Allen White: What is the matter, not with Kansas, but with the South? I hardly need to answer that question to this audience. But I am not going to discuss that problem. My purpose, and Mr. Wiebel's purpose, is to get on with the main business, that of the future.

It is rather interesting, and very encouraging, that this conference here at Princeton in New Jersey should give its attention to the South. As I write this I do not know what direction the discussion will take, or what suggestions will be offered. Perhaps I can anticipate the views of some by summarizing a reply which a distinguished scholar in a Southern university prepared as a rebuttal to my report substantially as I have given it here. He gave his rebuttal the title, "The South Will Surely Fail." He thinks the South will fail because it lags so far behind the North in education. From statistics he had compiled he pointed out that our best graduate students go North to take their higher degrees, and that few of them come back; he points out that the ones we get from the North to staff our educational institutions come out of what may be called the second string. He called attention to the fact that though the South provides a great many Woodrow Wilson fellows, few of them elect to study in the South. Then he examined the progress that one of the best Southern universities is making, and he admitted that it is considerable. He said, however, that progress in all universities has become highly accelerated, and as a result of this acceleration the best Southern universities are actually losing ground. The particular one he picked out would, if it continued its progress as of now until 1975, rank twenty-second instead of fourteenth or sixteenth as it does at present.

I had to accept his statement because he had the facts, and they were convincing. I said in reply that the sort of education he is talking about requires a lot of money, and that until

recently the South had no money. It does not have much now, but its situation is improving. I said if the South grasps the economic opportunity before it, it will acquire wealth and do it rapidly. When it acquires wealth, and as it acquires it, it will realize the need for trained minds and will have the money to buy them for its educational institutions and for its industries. I argued with him that the South is now importing talent to a greater extent than ever before, and I quoted a Princeton graduate who told me that not so long ago ten per cent of the Princeton graduates of one year came to Dallas and Houston alone. At the end of our discussion, my friendly opponent said he was going to try to provide funds for the promotion of the program I have suggested, and has already done so in a small way.

I do not know whether this conference holds my view or that of my opponent. Regardless of that, you may be curious as to the plan I would suggest for implementing a program for the South.

It seems to me that the first task is to persuade the South to turn about and face the future. This is not easy because the South, or at least many Southern people, are accustomed to dwelling on or glorifying the past. If means could be found to make the South aware of its enormous potential, which I have partially sketched, the miracle might come to pass. There is no better way to get revenge than to get rich.

What agencies could be employed to inform the South and stir it up? I think there are three. The first I shall mention, though not necessarily the most important, consists of the research staff of the universities and colleges, both in the South and beyond it. It is quite fashionable to hold conferences such as this where professors come to display their wares. That is quite all right, but it is not going to do the job before us. We need the knowledge, but we need to lift it out of the study, out of the university and put it into the hands of a great many people. Professors are not very good at this sort of thing, and therefore we need to supplement their scholarship with two other agents.

The second agent who should be enlisted in this program is the business men. Many of them know already what I am talking about. Mr. Wiebel knows. Mr. Foster G. Garrison of the Columbia-Southern Chemical Corporation knows. In a letter to me he says: "Certainly we who are in the business world have ample opportunity to recognize the tremendous economic and sociological changes which have taken place and are continuing to take place in the South, but I am sure the general public does not fully appreciate these changes. Mr. Hugh Patterson, publisher of the *Arkansas Gazette* understands. Two weeks ago he flew to Austin to discuss his plan for making this subject the theme of the next annual meeting of the Southern Newspaper Publishers' Association. This conference will be held in Boca Raton, Florida. These results I have obtained, working alone, without funds, from a few addresses such as this. The businessmen of the South, and elsewhere, will support a program that promises so much to the national economy.

The third agent consists of the best minds gathered from the student body of the Southern universities and colleges. They should be sought out and made aware of the merits of their own country. Once they see the possibilities, they will not be so eager to go elsewhere. They are the contemporaries of those who will have control of affairs tomorrow, and will have much influence on them. They are young and do not yet know all the reasons why things cannot be done. In a lecture at the University of Virginia I met a young man named Benjamin W. Wright who would be an ideal leader and organizer of this group. He got fired up with the idea, talked with the governor and some businessmen who encouraged him. The action was premature, because we had no means. But Ben Wright is ready to move when the opportunity presents itself.

Having determined the character of the agencies, I would suggest a general Southern conference composed of a few college professors, representative business men such as Mr. Wiebel and Mr. Garrison, and one student from each Southern university, or maybe two. This conference would thrash out the problem, perfect some sort of organization, and each member would return to his own state to promote the program by state conferences, by speaking to luncheon clubs, women's clubs and student groups. If I had my way, only one prohibition would be imposed on the group, and that is that under no circumstances would they be drawn into discussion or argument on the racial issue.

A year after the general conference, which would surely bring much discussion from newspapers, I would want to call a conference of Southern governors with a sprinkling of scholars, business men and selected college students. The idea here would be to induce the governors to return home and lay the program before their respective legislatures with such recommendations as they might choose to make, maybe to recommend grants for study directed by the colleges and universities. It is my opinion that governors and others in political life would welcome an opportunity to get off the racial hook and find another issue.

My regret is that this dream hit me when I was seventy years old, two years ago. If I were forty-five or fifty, I would spend ten years in seeing what could be done, and if I could achieve what I think could be achieved in that time, I would consider that as a great service to my region and my nation.

SUMMARY

E. L. Holland

I shall start off by taking note, if I may, please, of something that John Temple Graves has written, quoting from a Princeton statement about this conference, and which Hodding Carter, III, here has brushed up against but has not quoted to you fully. I would like to do so.

> The industrialism of the South may be a requiem to a vanishing South abandoning its self-conscious regional identity in an eagerness to embrace the urban, industrial and cosmopolitan symbols of the homogeneous America.

Mr. Graves is of Princeton 1915 and a colleague of Scott Fitzgerald. He has indicated that this conference, at least from its advance publicity, is predicated on an assumption that something is happening in the deep South which is "changing" things. He would say "no" to this and I would like to say fundamentally I do not think so. Whatever is happening industrially in the South is happening on the face of everything else that is in the South. The racial problem will still be "there", the various other problems will be "there".

I cannot attempt, of course, to summarize this conference in any detail. Too much has been said. I would like, generally speaking, to summarize the total context of this discussion, giving you my impressions as a working newspaperman as to what has been said here, and as to what has not been said.

Fundamentally, everyone who has spoken here has predicated his remarks, I think, on an assumption that the South is doing "great things".

The South *is* doing great things. I think that Professor Lively and Mr. Willard Thorp have given you a good indication of what has been happening in a general sense. They are somewhat remote from the situation. Mr. W. Cooper Green, my colleague from the Alabama Power Company, has given you more concrete indication of how you go about actually developing industry, bringing it into the area. That is fundamentally a very difficult problem. It is one which requires a good deal of down-to-earth work.

I have sat through a number of conferences myself with industrialists from other parts of the country who have come into Birmingham. I have been invited, as an editor of *The Birmingham News*, to sit in with these people. Mr. Green is quite correct in emphasizing, and it needs to be re-emphasized, perhaps, that actually you have to get down to hard facts and figures. These people that come down to the South and want to put an industry up, want to

know how much money they're going to make out of it. That's fundamentally what they're working at. Mr. Green, here, has to provide those answers. They are not easy answers.

Mr. Beutel, speaking for petro-chemicals out in Texas–Dow Chemical–has, I think, done a good job of indicating a particular part of the business which is developing in the South. Mr. Beutel has not undertaken to try to explain to you how much we've gained in this field in Alabama in precise terms, although he has referred to it. But we are very proud of the petro-chemical industry in the Mobile area of Alabama. Petro-chemicals are, I think, perhaps the biggest thing really "coming" in the Southeastern area.

We have had also a discussion by Professor Rubin and the Honorable Governor LeRoy Collins last evening. I am sorry that Governor Collins is not here today, because I wished to continue what I had started with him last night.

I think, if I may, I might pinpoint some of this without trying too much to encompass the whole thing. That is by pointing out what our friend here, Hodding Carter, III, has said. I think it is very important. "Hod" did everything but spell it out for you. The question of integration in dealing with industry in the South, of course, is the obvious question. We are all dealing with it. I don't know whether Hodding would go along with me on this–perhaps he would, perhaps he wouldn't. Cooper Green, of Alabama Power, did not mention this. I don't see that "integration" figures predominantly in the question of industrial acquisition. Apparently the people who are coming down here do not, as of the present, put too much weight on it.

I think that we in the South are going to have a difficult job in the future. We are going to be subjected to more and more penetrating criticism. Humbly, we are ready to protect ourselves.

If I may, I would like to get away from giving you a perfunctory summary of this affair. But I know all of you came up here day before yesterday. You saw Harrison Salisbury's articles in *The New York Times*, page one, yesterday and the day before: "Fear and Hatred Grip Birmingham." This was an indication that a Southern industrial community was truly in the grip of some sort of "fear". This is not true in the least.

There are some people in the Birmingham area, I'm sure, who *do* feel that there is a grip of "fear" of some sort. Certainly some of the organized Negro people would be ready to say so. I called Harrison down in New Orleans at the Roosevelt Hotel last evening and talked with him. He defended his position, completely. The first article, and the second article also, offended me deeply and I indicated as much to Mr. Salisbury in a very friendly fashion, particularly because of this conference here.

Frankly speaking, here is the very great Princeton University. Here is a group of distinguished businessmen and other people from other areas–professors, and so on; here

they are discussing industrialization of the South. This program could not be conceived as other than something which would further such industrialization one way or another.

The very fact that such a meeting is being held would inherently have to further industrialization in the South. We are grateful.

It so happened *The New York Times* came out the day this conference began with this article, saying that "fear" gripped Birmingham. I indicated to Mr. Salisbury–and he seemed to be aware at least of what I was talking about–that everything you gentlemen are talking about here, today and yesterday, could in a very real sense be negated by those two articles in *The New York Times*.

These people who have come here and talked to you have told you about the development of the South. They have spelled out the development statistically to you. They have told you how much the South has gained. They have told you how far it has gone. They have given you a promise of how far it will go. This is considerable.

I don't think that there is any particular criticism I would make of anything which has been said here, except this: in terms of human beings, this conference has neglected somewhat, not intentionally, to translate this business of "new business" in the South in terms of human beings. Mr. Cooper Green, my colleague from Birmingham, has referred to it, very importantly, in referring to the fact that many of the people working in some of the industries in Birmingham, for example, run small farms outside metropolitan areas. That is an aspect of the South, the Deep South at least, which has not had adequate attention. You are getting a dichotomy of a sort there. The people concerned are both urban and rural at the same time. This may have some political effect in the future. We in the South will be watching it to see the effect it does actually have. Believe us, we will be watching.

I think that from what we have heard here, from what these good people have had to say to us, that everybody should be impressed with the fact that the South *is* in ferment. There is no doubt whatsoever about that. This is the region, and I mean THE region.

The Pacific Northwest is certainly doing a great deal. The Chicago and New York areas are always doing something. But the area people are looking toward is the South. I think our friend from the Textile Workers' Union is fully aware of that. The area they look toward for unionization, as a matter of fact, is the South. I don't think that such organization is to be a serious problem in the sense that it will be a "great big problem" for business. Unionization comes along when you get a certain number of plants. What we are truly dealing with is what Governor Collins had to say last night.

Now here we have a true dichotomy, a real division. Governor Collins–and I am sorry, I repeat, that he is not here to hear what I am going to say–is talking about one thing and some of the rest of us are talking about something else.

Governor Collins believes the South is doing itself harm by not facing up to the Supreme Court decision. That is very well. I can, as a Southerner, sympathize with the Governor's remarks, with his approach even, but at the same time I am dealing, as an editor, with *the way people feel*. Ninety per cent of the people of the South do not feel the way Governor Collins feels. That is *my* opinion, and only that. But this affects industry, the theory goes–and it will affect industry for a good many years to come, some way.

Now a question has been raised as to whether this racial business affects the acquisition of industry in the South. I have seen no evidence of it. Mr. Green, here, says that he has not seen any evidence of it. I don't think it does.

These people we have here have all talked to you and told you what the South is doing right now, what it may do in the future. I think that Mr. Webb at luncheon today was very effective, particularly when he remarked that the Lord has come over to the side of the South. I'm not sure that the Lord has come over, but I think He is walking in that direction, if in any. I believe that what we should realize, what we should face up to here, more than anything else, is an awareness that here you have a section of the country which is basically immature. I think it *is* immature. I think many of the people of the South are immature in their political philosophy. Actually many of them don't have *any* political philosophy.

Most of you up here around New Jersey probably have a concept of where you are going politically. I find that to be unavailable in the South generally, although you will find many people, of course, groups of people, who do have some idea of what *they* are doing politically–which way they are voting, why they are voting that way. But I think a majority of people in the South don't quite know yet what they are doing.

Now this is the raw material for your industry, for your *new* industry, which is coming to the South, a good deal of which is already there. This is a field to be exploited. I am not quite sure how it will be exploited or by whom it will be exploited. But we have here a region which is more in a state of ferment, I think, than any region has ever been before.

The Roosevelt era, of course, was an era of transition for the South. Whatever the South is today began in concrete fashion in our latter-day period at least during the 30's, during the early Roosevelt period. Where it is going, nobody knows. I certainly do not know.

As a working editor on a day-to-day basis at the desk, though, I am very much aware of the fact that we are under increasing pressure. We will be under increasing and more considerable pressures as time goes on. Where we shall wind up, I do not know.

I think that we shall wind up, certainly, putting the Eastern states, the Northeastern states up here somewhat out of business. Not because of the transition of textiles to the South. That is an "acquisition", not a movement, as Mr. Green has made clear.

I would like to hope that people from other parts of the country would look upon the South with some degree of moderation as to their conclusions. We will make many errors. We do it daily!

We are making errors right now all throughout the South. We are in a state of considerable tension as affects the racial situation, of course. But in many tangential ways this permeates the whole situation.

You would find it very difficult in Birmingham, for example, to go into a home and not find the chief topic of conversation involving to one extent or another, "race". I have a sixteen-year-old, my eldest child. He comes home from high school, for example, and he tells me that "that's" what they've been talking about that day in school. This "thing" is just shot through the daily consideration.

But this is the more important matter: although they are talking about "it", the industrialization of the South has continued. IT is continuing, and IT will continue. That is fundamentally, I think, what we have been told here by our speakers–Mr. Green, Mr. Beutel, and the others–that is because of fundamental economic reasons.

The racial situation is an "overlay". I'm sure that a number of you have been in the service and you know what the "overlay" is. I don't think that the race matter will stop development. I don't think racial problems will stop the industrialization of the South.

Nothing these gentlemen have told me has indicated whatever the political situation, affecting race or affecting anything else of sensitivity in the South, would seriously deter the continued development of the South industrially. I see it as a continuing movement.

I see Southern industrial development as a movement which will grow, not only grow to an enormous extent, but a movement which will affect the rest of the country. The very fact that all of you gentlemen have come here to talk at Princeton University about the industrialization of the South is to me highly significant.

I would have assumed that you could get ten or twelve people to come to Princeton to talk about "Industrialization of the South", and here we have, I think, a respectable group, a very sizable group. That indicates an interest which has its core throughout industry in the United States. I think that we will continue to see such evidence of interest. I think that you gentlemen are typical of the interest which is shown about the South.